

Hapimag Resorts & Residences (UK) Limited

Directors' report and financial statements

Registered number 01785753

31 December 2016

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Directors' report

The directors present their annual report and financial statements for the year ended 31 December 2016

Principal activities

The Company's principal activity continued to be the management of holiday accommodation.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Dr S Alberti
Mr O Schubiger
Mr T Mainka

Results and dividends

The loss for the year after taxation was £201,000 (2015: £218,000). The directors do not recommend the payment of a dividend (2015: £nil).

The financial statements have been prepared on a going concern basis.

The company is dependent for support from Hapimag AG, the company's ultimate parent. Hapimag AG has indicated that for at least 12 months from the date of approval of these financial statements it will continue to make available such funds as are needed by the company and in particular will not seek repayment of the amounts currently made available. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Political and charitable contributions

The company made no political contributions during the period (2015: £nil). During the period the company made charitable donations of nil (2015: £nil).

Auditor

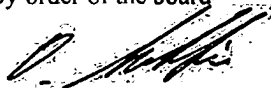
Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Statement of disclosure to auditor

The directors who held office at the date of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware and the directors have taken all the steps that they might have to take as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

By order of the board



O Schubiger
Director

Company registered number: 01785753

The Lodge
Burnside Park
Kendal Road
Bowness-on-Windermere
Cumbria
LA23 3EW

Statement of directors' responsibilities in respect of the Directors' report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with applicable law and Section 1A of FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (UK Generally Accepted Accounting Practice applicable to Smaller Entities).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

1 St Peter's Square
Manchester
M2 3AE
United Kingdom

Independent auditor's report to the members of Hapimag Resorts & Residences (UK) Limited

We have audited the financial statements of Hapimag Resorts & Residences (UK) Limited for the year ended 31 December 2016 set out on pages 5 to 14. The financial reporting framework that has been applied in their preparation is applicable law and Section 1A of FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice applicable to Smaller Entities and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Hapimag Resorts & Residences (UK) Limited (continued)

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Directors' report:

- we have not identified material misstatements in that report; and
- in our opinion, that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime, take advantage of the small companies exemption take advantage of the small companies exemption from the requirement to prepare a strategic report.



Rehman Minshall (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE

12/9/12

Profit and Loss Account
for the year ended 31 December 2016

	<i>Note</i>	2016 £000	2015 £000
Turnover	2	2,178	2,058
Cost of sales		(140)	(138)
		<hr/>	<hr/>
Gross profit		2,038	1,920
Administrative expenses		(2,103)	(2,031)
		<hr/>	<hr/>
Operating loss	3	(65)	(111)
Interest payable and similar charges	4	(136)	(120)
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(201)	(231)
Tax on loss on ordinary activities	6	-	13
		<hr/>	<hr/>
Loss for the financial year		(201)	(218)
Other comprehensive income		-	-
		<hr/>	<hr/>
Total comprehensive loss		(201)	(218)
		<hr/>	<hr/>

All amounts relate to continuing operations.

The notes on page 8 to 14 form an integral part of these financial statements.

Balance sheet
as at 31 December 2016

	Note	2016 £000	2016 £000	2015 £000	2015 £000
Fixed assets					
Tangible assets	7		4,531		4,821
Investments	8		504		504
			<u>5,035</u>		<u>5,325</u>
Current assets					
Stocks	9	6		5	
Debtors	10	779		486	
Cash at bank and in hand		484		607	
		<u>1,269</u>		<u>1,098</u>	
Creditors: amounts falling due within one year	11	<u>(1,804)</u>		<u>(1,937)</u>	
Net current liabilities			<u>(535)</u>		<u>(839)</u>
Total assets less current liabilities			<u>4,500</u>		<u>4,486</u>
Creditors: amounts falling due after one year	12		<u>(2,100)</u>		<u>(5,000)</u>
Net assets			<u>2,400</u>		<u>(515)</u>
Capital and reserves					
Called up share capital	13		4,001		883
Share premium account			280		280
Profit and loss account			<u>(1,879)</u>		<u>(1,678)</u>
Shareholders' funds			<u>2,401</u>		<u>(515)</u>

The notes on page 8 to 14 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 06/09/2017 and were signed on its behalf by:



O Schubiger
 Director
 Company registered number: 01785753

Statement of Changes in Equity
 For the year ended 31 December 2016

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
Balance at 1 January 2015	883	280	(1,460)	(297)
Loss for the year			(218)	(218)
Balance at 31 December 2015	883	280	(1,678)	(515)

	Called up share Capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
Balance at 1 January 2016	883	280	(1,678)	(515)
Loss for the year			(201)	(201)
Shares issued in the year	3,115	-		3,115
Balance at 31 December 2016	4,000	280	(1,879)	2,401

The notes on page 8 to 14 form an integral part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Hapimag Resorts & Residences (UK) Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 01785753 and the registered address is Burnside Park, Kendal Road, Bowness-on-Windermere, Cumbria, LA23 3EW.

These financial statements were prepared in accordance with Section 1A of Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking, includes the Company in its consolidated financial statements. The consolidated financial statements of Hapimag AG are available to the public and may be obtained from Hapimag AG, Neuhoferstrasse 8, 6340 Baar, Switzerland. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 Section 1A in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The company is a subsidiary of Hapimag AG, therefore the company has taken advantage of the exemption conferred by section 33.1A of FRS 102 allowing it to not disclose transactions and balances with other wholly owned subsidiaries of Hapimag AG.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The company proposes to continue to adopt Section 1A of Financial Reporting Standard 102, "FRS 102".

1.2 Measurement convention

The financial statements are prepared on the historical cost basis.

1.3 Going concern

The financial statements have been prepared on a going concern basis which the directors believe to be appropriate for the following reasons.

The company has net current liabilities of £536,000 (2015: £839,000) and is dependent for support from Hapimag AG, the company's ultimate parent. Hapimag AG has indicated that for at least 12 months from the date of approval of these financial statements it will continue to make available such funds as are needed by the company and in particular will not seek repayment of the amounts currently made available. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

1.4 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. All fixed assets are initially recorded at cost other than internal transfers.

Notes (continued)

1.4 Tangible fixed assets (continued)

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

- Buildings 2-10% straight line
- Fixtures and fittings 10-33% straight line

Land capitalised within the financial statements is not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.5 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms; then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Investments in subsidiaries

These are separate financial statements of the company. Investments in subsidiaries are carried at cost less impairment.

1.6 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1.7 Expenses

Interest receivable and Interest payable

Interest payable and similar charges include interest payable recognised in profit or loss using the effective interest method.

Interest receivable and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established.

Notes (continued)

2 Turnover

	2016 £000	2015 £000
Holiday accommodation management	1,985	1,896
Food and beverage income and guest recharges	193	162
	<u>2,178</u>	<u>2,058</u>
Total turnover	<u>2,178</u>	<u>2,058</u>

All turnover in the current year and prior year derived from UK operations.

3 Auditor's remuneration

Auditor's remuneration:

	2016 £000	2015 £000
Audit of these financial statements	10	10
	<u>10</u>	<u>10</u>

4 Interest payable and similar charges

	2016 £000	2015 £000
Parent company loan interest payable	136	120
	<u>136</u>	<u>120</u>

5 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2016	2015
Sales and administration	19	18
Cleaning and maintenance	15	18
	<u>34</u>	<u>36</u>

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	726,259	753,700
Social security costs	39,616	39,088
Pension costs	-	2,386
	<u>765,875</u>	<u>795,174</u>

Notes (continued)

6 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2016 £000	2015 £000
<i>Current tax</i>		
Current tax on income for the period	-	(13)
Adjustments in respect of prior periods	-	-
	<u>-</u>	<u>(13)</u>
Total tax	<u>-</u>	<u>(13)</u>

Reconciliation of effective tax rate

	2016 £000	2015 £000
Loss for the year	(201)	(218)
Total tax expense	-	(13)
	<u>(201)</u>	<u>(231)</u>
Loss excluding taxation	(201)	(231)
Tax using the UK corporation tax rate of 20% (2015: 20%)	40	46
Tax effect of expenses that are not deductible in determining taxable profit	(25)	(24)
Depreciation on ineligible capital expenditure	(47)	(26)
Utilisation of losses on which no deferred tax was previously recognised	32	17
	<u>-</u>	<u>13</u>
Total tax credit included in profit or loss	<u>-</u>	<u>13</u>

Factors that may affect future current tax charges

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. The unrecognised deferred tax asset at 31 December 2016 has been calculated based on these rates. An additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly and reduce the unrecognised deferred tax asset.

Deferred tax asset

There are £74,043 (2015: £232,880) of unutilised tax losses on which no deferred tax asset has been recognised due to uncertainty over future utilisation.

Notes (continued)

7 Tangible fixed assets

	Land and buildings £000	Fixtures and fittings £000	Total £000
Cost			
At 1 January 2016	5,404	1,141	6,545
Additions	16	45	61
	<u>5,420</u>	<u>1,186</u>	<u>6,606</u>
At 31 December 2016	5,420	1,186	6,606
Depreciation and impairment			
At 1 January 2016	932	793	1,725
Depreciation charged in the year	184	165	349
	<u>1,116</u>	<u>958</u>	<u>2,074</u>
At 31 December 2016	1,116	958	2,074
Carrying amount			
At 31 December 2016	<u>4,304</u>	<u>228</u>	<u>4,532</u>
At 31 December 2015	<u>4,472</u>	<u>348</u>	<u>4,820</u>

The carrying value of land included in land and buildings comprises:

	2016 £	2015 £
Freehold	<u>1,178</u>	<u>1,178</u>

8 Fixed asset investments

	2016 £000	2015 £000
Investments	<u>504</u>	<u>504</u>

Movements in fixed asset investments

	Shares £
Cost of valuation	
At 1 January 2015 & 31 December 2015	<u>504</u>
Carrying amount	
At 31 December 2016	<u>504</u>
At 31 December 2015	<u>504</u>

Notes (continued)

8 Fixed asset investments (continued)

The Company has the following investments in subsidiaries:

	Aggregate of capital and reserves	Profit or loss for the year	Country of incorporation	Class of shares held	Ownership 2016	Ownership 2015
	£000	£000			%	%
Bowness Timeshare Ltd	530		UK	Preference	87	87

9 Stock

	2016 £000	2015 £000
Stocks of food and beverages for resale	5	5

10 Debtors

	2016 £000	2015 £000
Trade debtors	70	38
Deferred tax asset	13	13
Other debtors	82	44
Prepayments and accrued income	614	391
	<u>779</u>	<u>486</u>

11 Creditors: amounts falling due within one year

	2016 £000	2015 £000
Trade creditors	720	419
Amounts owed to related parties	555	938
Other creditors	15	13
Other taxation and social security	23	93
Accruals and deferred income	491	474
	<u>1,804</u>	<u>1,937</u>

Notes (continued)

12 Creditors: amount falling due after more than one year

	2016 £000	2015 £000
Amounts owed to parent undertaking	2,100	5,000

The interest rate on the above loan is fixed at 3% per annum. The loan is due for repayment in November 2020.

13 Share capital

	2016 £000	2015 £000
<i>Allotted, called up and fully paid</i>		
4,000,000 (2015: 883,233) ordinary shares of £1 each	4,000	883

During the year Hapimag Resorts & Residences (UK) Limited issued a further 3,116,767 ordinary shares of £1 each. All shares were issued to Hapimag AG, who converted £3,117,000 of the outstanding loan into equity.

14 Related parties

The entity has taken advantage of the exemption within FRS102.33 not to disclose related party transactions with entities that are part of the Hapimag group as consolidated financial statements in which this company is included are publicly available.

15 Ultimate parent company and parent company of larger group

The ultimate parent undertaking and controlling party is Hapimag AG, a company incorporated in Switzerland. A copy of the group accounts can be obtained from Hapimag AG, Neuhofstrasse 8, CH-6340 Baar, Switzerland.