

Hapimag Resorts & Residences (UK) Limited

Directors' report and financial statements

Registered number 01785753

31 December 2017



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Directors' report

The directors present their annual report and financial statements for the year ended 31 December 2017.

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 (resigned 28 July 2018)

Results and dividends

The loss for the year after taxation was £87,000 (2016: £201,000). The directors do not recommend the payment of a dividend (2016: £nil).

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

The company is dependent on 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 year (2016: £nil). During the year the company made charitable donations of £nil (2016: £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.

Small companies' regime

The Directors' report has been prepared in accordance with provisions applicable to companies subject to the small companies' regime.

By order of the board



O Schubiger
Director

Company registered number: 01785753

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

13 September 2018

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; and
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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

Opinion

We have audited the financial statements of Hapimag Resorts & Residences (UK) Limited ("the company") for the year ended 31 December 2017, which comprise the profit and loss account and other comprehensive income, balance sheet, statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards applicable to smaller entities, including Section 1A of FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard, and the provisions available for small entities, in the circumstances set out in note 1 to the financial statements. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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 and take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report these respects.

Directors' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



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

18th September 2018

Profit and Loss Account and Other Comprehensive Income
for the year ended 31 December 2017

	<i>Note</i>	2017 £000	2016 £000
Turnover	2	2,468	2,178
Cost of sales		(162)	(140)
		<hr/>	<hr/>
Gross profit		2,306	2,038
Administrative expenses		(2,330)	(2,103)
		<hr/>	<hr/>
Operating loss	3	(24)	(65)
Interest payable and similar charges	4	(63)	(136)
		<hr/>	<hr/>
Loss before taxation		(87)	(201)
Tax on loss	7	-	-
		<hr/>	<hr/>
Loss for the financial year		(87)	(201)
Other comprehensive income		-	-
		<hr/>	<hr/>
Total comprehensive loss		(87)	(201)
		<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 2017

	Note	2017 £000	2017 £000	2016 £000	2016 £000
Fixed assets					
Tangible assets	8		4,358		4,532
Investments	9		504		504
			<u>4,862</u>		<u>5,036</u>
Current assets					
Stocks	10	6		6	
Debtors	11	852		779	
Cash at bank and in hand		441		484	
		<u>1,299</u>		<u>1,269</u>	
Creditors: amounts falling due within one year	12	(1,747)		(1,804)	
Net current liabilities			<u>(448)</u>		<u>(535)</u>
Total assets less current liabilities			<u>4,414</u>		<u>4,501</u>
Creditors: amounts falling due after one year	13		(2,100)		(2,100)
Net assets			<u>2,314</u>		<u>2,401</u>
Capital and reserves					
Called up share capital	14		4,000		4,000
Share premium account			280		280
Profit and loss account			(1,966)		(1,879)
Shareholders' funds			<u>2,314</u>		<u>2,401</u>

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

The accounts have been prepared in accordance with the special provisions in part 15 of the Companies Act 2006 relating to small companies and Section 1A of FRS 102: *The Financial Reporting Standard Applicable in the UK and Republic of Ireland*.

These financial statements were approved by the board of directors on 13/9/2018 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 2017

	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	3,117	-	-	3,117
Balance at 31 December 2016	4,000	280	(1,879)	2,401

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
Balance at 1 January 2017	4,000	280	(1,879)	2,401
Loss for the year	-	-	(87)	(87)
Balance at 31 December 2017	4,000	280	(1,966)	2,314

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

Notes *(forming part of the financial statements)*

1.1 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"). 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, Sumpfstrasse 18, 6300 Steinhausen, 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.

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 £448,000 (2016: £535,000) 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 Accounting policies (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.

Notes (continued)

1 Accounting policies (continued)

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.

2 Turnover

	2017 £000	2016 £000
Holiday accommodation management	2,274	1,985
Food and beverage income and guest recharges	194	193
Total turnover	<u>2,468</u>	<u>2,178</u>

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

3 Auditor's remuneration

Auditor's remuneration:

	2017 £000	2016 £000
Audit of these financial statements	<u>10</u>	<u>10</u>

4 Interest payable and similar charges

	2017 £000	2016 £000
Parent company loan interest payable	<u>63</u>	<u>136</u>

5 Directors' remuneration

The directors received no remuneration for their services to the company during the year. The directors are remunerated by Hapimag AG.

6 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	
	2017	2016
Sales and administration	20	19
Cleaning and maintenance	15	15
	<u>35</u>	<u>34</u>

Notes (continued)

6 Staff numbers and costs (continued)

Their aggregate remuneration comprised:

	2017 £000	2016 £000
Wages and salaries	750	726
Social security costs	43	40
Pension costs	-	-
	<u>793</u>	<u>766</u>

7 Taxation

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

	2017 £000	2016 £000
<i>Current tax</i>		
Current tax on income for the period	-	-
Adjustments in respect of prior periods	-	-
	<u>-</u>	<u>-</u>
Total tax	<u>-</u>	<u>-</u>

Reconciliation of effective tax rate

	2017 £000	2016 £000
Loss for the year	(87)	(201)
Total tax expense	<u>-</u>	<u>-</u>
Loss excluding taxation	(87)	(201)
Tax using the UK corporation tax rate of 19.25% (2016: 20%)	16	40
Tax effect of expenses that are not deductible in determining taxable profit	-	(25)
Depreciation on ineligible capital expenditure	(29)	(47)
Utilisation of losses on which no deferred tax was previously recognised	13	32
	<u>-</u>	<u>-</u>
Total tax credit included in profit or loss	<u>-</u>	<u>-</u>

Factors that may affect future current tax changes

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) was substantively enacted on 26 October 2016. A further reduction to 18% (effective 1 April 2020) was substantively enacted on 26 October 2016, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2017. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 2017 has been calculated based on these rates. This will reduce the company's future current tax charge accordingly and reduce the unrecognised deferred tax asset.

Deferred tax asset

There are £7,283 (2016: £74,043) of unutilised tax losses on which no deferred tax asset has been recognised due to uncertainty over future utilisation.

Notes (continued)

8 Tangible fixed assets

	Land and buildings £000	Fixtures and fittings £000	Total £000
Cost			
At 1 January 2017	5,420	1,186	6,606
Additions	38	54	93
At 31 December 2017	5,458	1,240	6,699
Depreciation and impairment			
At 1 January 2017	1,116	958	2,074
Depreciation charged in the year	184	82	266
At 31 December 2017	1,300	1,040	2,690
Carrying amount			
At 31 December 2017	4,158	200	4,358
At 31 December 2016	4,304	228	4,532

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

	2017 £	2016 £
Freehold	1,178	1,178

9 Fixed asset investments

	2017 £000	2016 £000
Investments	504	504

Movements in fixed asset investments:

	Shares £000
Cost of valuation	
At 1 January 2017 & 31 December 2017	504
Carrying amount	
At 31 December 2017	504
At 31 December 2016	504

Notes (continued)

9 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 2017	Ownership 2016
	£000	£000			%	%
Bowness Time-Share Ltd	530	-	UK	Preference	87	87

The registered office address of Bowness Time-Share Limited is The Lodge Burnside Park, Kendal Road, Bowness On Windermere, Cumbria, LA23 3EW.

10 Stock

	2017 £000	2016 £000
Stocks of food and beverages for resale	6	6

11 Debtors

	2017 £000	2016 £000
Trade debtors	36	70
Deferred tax asset	13	13
Other debtors	147	82
Prepayments and accrued income	656	614
	<u>852</u>	<u>779</u>

12 Creditors: amounts falling due within one year

	2017 £000	2016 £000
Trade creditors	784	720
Amounts owed to related parties	609	555
Other creditors	36	15
Other taxation and social security	9	23
Accruals and deferred income	310	491
	<u>1,784</u>	<u>1,804</u>

Notes (continued)

13 Creditors: amount falling due after more than one year

	2017 £000	2016 £000
Amounts owed to parent undertaking	2,100	2,100

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

14 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2017 £000	2016 £000	2017 £000	2016 £000	2017 £000	2016 £000
Unused tax losses	(13)	(13)	-	-	(13)	(13)
Net tax (assets) / liabilities	(13)	(13)	-	-	(13)	(13)

15 Share capital

	2017 £000	2016 £000
<i>Allotted, called up and fully paid</i>		
4,000,000 (2016: 883,233) ordinary shares of £1 each	4,000	4,000

16 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.

17 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, Sumpfstrasse 18, 6300 Steinhausen, Switzerland.