

Company Registration No. 03098213 (England and Wales)

parent for

1894782

TA HOTEL COLLECTION LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

EAPL

page 22

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TA HOTEL COLLECTION LIMITED

COMPANY INFORMATION

Directors	Mr M G H Heald Mrs L J F Heald Mr A M H Heald Mrs J A Whybrow Mr I Wiangke Mr A Wood	(Appointed 1 April 2018)
Secretary	Birketts Secretaries Limited	
Company number	03098213	
Registered office	Thorpeness Golf Club Lakeside Avenue Thorpeness Leiston Suffolk IP16 4NH	
Auditor	Ensors Accountants LLP Cardinal House 46 St Nicholas Street Ipswich Suffolk IP1 1TT	

TA HOTEL COLLECTION LIMITED

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TA HOTEL COLLECTION LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2018

The directors present the strategic report for the year ended 31 March 2018.

Fair review of the business

This year has shown steady growth in turnover, indicating that trading has been satisfactory and that our position as a sought after destination in Suffolk has been maintained. The directors will continue to consider other hotels to add to the company but only if they are confident that they will not place undue pressure on management.

Principle risks and uncertainties

The company is dependent upon certain technologies and systems to run the business. This includes information technology systems for the running of the business, particularly those which are integrated with business processes and disruption to those technologies or systems could adversely affect the efficiency of the business, not withstanding business continuity or disaster recovery processes. The company has invested heavily in new computer equipment and systems but failing to keep pace with developments in technologies or systems may put the company at a competitive disadvantage. The technologies or systems that the company may choose may not be commercially successful or the technology or system strategy employed may not be sufficiently aligned to the needs of the business or responsive to changes in business strategy. As a result the company could lose customers, fail to attract new customers or incur substantial costs or face other losses. Additionally, failure to develop our system with an appropriate e-commerce strategy and select the right partners could affect the company's revenue.

The company is exposed to the risks of political and economic developments. These include the risks of global and regional adverse political, economic and financial market developments, including recession and inflation that could lower revenues and reduce income. A recession would adversely affect room rates and/or occupancy levels and other income generating activities resulting in deterioration of results of operations and potentially affecting the value of properties in affected areas. To mitigate this, the directors monitor current conditions to ensure that the company is best able to respond to market conditions.

The company is exposed to the risks of the hotel industry supply and demand cycle. The future operating results of the company could be adversely affected by industry over capacity and weak demand or other difficulties between planning assumptions and actual operating conditions. Reductions in room rates and occupancy levels would adversely impact the results of operation of the company.

Development and performance

Total turnover for the Group has increased 6% year on year, although this does include the revenues following the purchase of a further Hotel in September 2017.

In the year there have been increased costs incurred particularly in relation to repairs & maintenance costs. It is the company's intention to update as appropriate and maintain all of our various properties in good order. The amount of depreciation charge has also increased in the year as a result of the extra capital investment made within the business including the purchase of a further Hotel.

As a company we monitor our financial position closely against an annual budget which is shared with our bank. We present quarterly updates on financial progress to the bank. In addition to these internal financial controls we are required to meet certain covenant requirements in terms of the lending from the bank. There are various measures, some tested quarterly and some annually. All of these covenant measures have been met in the year.

The key performance indicators for the company are occupancy rates and average room rates (ARR). In 2017-18 the overall occupancy rate had decreased by 0.1%, with ARR increasing by £2.60 compared with last year.

By order of the board

.....
Birketts Secretaries Limited
Secretary


for and on behalf of Birketts Secretaries Ltd

TA HOTEL COLLECTION LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2018

The directors present their annual report and financial statements for the year ended 31 March 2018.

Principal activities

The principal activity of the company and group continued to be the operation of hotels, holiday lettings and other leisure activities.

Directors

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

Mr M G H Heald

Mrs L J F Heald

Mr A M H Heald

Mr P Osborne

(Resigned 8 June 2018)

Mr T S Rowan-Robinson

(Resigned 31 March 2018)

Mrs J A Whybrow

Mr I Wiangke

Mr A Wood

(Appointed 1 April 2018)

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

Auditor

In accordance with the company's articles, a resolution proposing that Ensors Accountants LLP be reappointed as auditor of the group will be put at a General Meeting.

TA HOTEL COLLECTION LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

By order of the board

Mer Atkinson (Director)

for and on behalf of Birketts Secretaries Ltd

.....
Birketts Secretaries Limited

Secretary

Date: *30/10/18*

TA HOTEL COLLECTION LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2018

The directors are responsible for preparing the Annual 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 group and company, and of the profit or loss of the group 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

TA HOTEL COLLECTION LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TA HOTEL COLLECTION LIMITED

Opinion

We have audited the financial statements of 0 (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2018 which comprise the group income statement, the group statement of comprehensive income, the group statement of financial position, the company statement of financial position, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2018 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 under those standards are further described in the Auditor's *responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

TA HOTEL COLLECTION LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF TA HOTEL COLLECTION LIMITED

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

TA HOTEL COLLECTION LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF TA HOTEL COLLECTION LIMITED

Use of our report

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.



Barry Gostling (Senior Statutory Auditor)
for and on behalf of Ensors Accountants LLP

Chartered Accountants
Statutory Auditor

1 November 2018

Cardinal House
46 St Nicholas Street
Ipswich
Suffolk
IP1 1TT

TA HOTEL COLLECTION LIMITED

GROUP INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	2017 £
Turnover	3	13,968,632	13,199,595
Cost of sales		(8,319,453)	(7,900,633)
Gross profit		5,649,179	5,298,962
Administrative expenses		(5,739,584)	(5,030,576)
Operating (loss)/profit	4	(90,405)	268,386
Interest receivable and similar income	8	71	58
Interest payable and similar expenses	9	(463,805)	(423,339)
Loss before taxation		(554,139)	(154,895)
Tax on loss	10	(15,510)	84,332
Loss for the financial year	29	(569,649)	(70,563)

Loss for the financial year is all attributable to the owners of the parent company.

TA HOTEL COLLECTION LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2018

	2018	2017
	£	£
Loss for the year	(569,649)	(70,563)
Other comprehensive income	-	-
	<hr/>	<hr/>
Total comprehensive income for the year	(569,649)	(70,563)
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Total comprehensive income for the year is all attributable to the owners of the parent company.

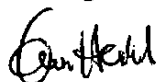
TA HOTEL COLLECTION LIMITED

GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2018

	Notes	2018 £	2017 £
Fixed assets			
Goodwill	11	348,727	-
Tangible assets	12	23,000,778	19,661,541
Investment properties	13	1,150,000	1,150,000
Investments	14	2	2
		<u>24,499,507</u>	<u>20,811,543</u>
Current assets			
Stocks	17	266,220	220,602
Debtors	18	383,309	334,360
Cash at bank and in hand		275,297	268,984
		<u>924,826</u>	<u>823,926</u>
Creditors: amounts falling due within one year	19	<u>(4,313,344)</u>	<u>(3,070,532)</u>
Net current liabilities		<u>(3,388,518)</u>	<u>(2,246,606)</u>
Total assets less current liabilities		<u>21,110,989</u>	<u>18,564,937</u>
Creditors: amounts falling due after more than one year	20	(16,523,383)	(13,773,811)
Provisions for liabilities	23	(620,135)	(254,006)
Net assets		<u>3,967,471</u>	<u>4,537,120</u>
Capital and reserves			
Called up share capital	26	2,408,263	2,408,263
Share premium account	27	189,390	169,390
Other reserves	28	408,470	600,880
Profit and loss reserves	29	981,348	1,358,587
Total equity		<u>3,967,471</u>	<u>4,537,120</u>

The financial statements were approved by the board of directors and authorised for issue on 30/10/2018 and are signed on its behalf by:



Mr M G H Heald
Director

TA HOTEL COLLECTION LIMITED

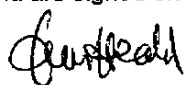
COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2018

	Notes	2018 £	2017 £
Fixed assets			
Goodwill	11	348,727	-
Tangible assets	12	23,000,778	19,661,541
Investment properties	13	1,150,000	1,150,000
Investments	14	302	2
		<u>24,499,807</u>	<u>20,811,543</u>
Current assets			
Stocks	17	266,220	220,602
Debtors	18	383,309	334,360
Cash at bank and in hand		275,297	268,964
		<u>924,826</u>	<u>823,926</u>
Creditors: amounts falling due within one year	19	<u>(4,313,644)</u>	<u>(3,070,532)</u>
Net current liabilities		<u>(3,388,818)</u>	<u>(2,246,606)</u>
Total assets less current liabilities		<u>21,110,989</u>	<u>18,564,937</u>
Creditors: amounts falling due after more than one year	20	(16,523,383)	(13,773,811)
Provisions for liabilities	23	(620,135)	(254,006)
Net assets		<u>3,967,471</u>	<u>4,537,120</u>
Capital and reserves			
Called up share capital	26	2,408,263	2,408,263
Share premium account	27	169,390	169,390
Other reserves	28	408,470	600,880
Profit and loss reserves	29	981,348	1,358,587
Total equity		<u>3,967,471</u>	<u>4,537,120</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £569,649 (2017 - £70,563 loss).

The financial statements were approved by the board of directors and authorised for issue on 30/10/2018 and are signed on its behalf by:



Mr M G H Heald
Director

Company Registration No. 03098213

TA HOTEL COLLECTION LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2018

		Share capital	Share premium account	Other reserves	Profit and loss reserves	Total
	Notes	£	£	£	£	£
Balance at 1 April 2016		2,346,513	133,575	600,880	1,429,150	4,510,118
Year ended 31 March 2017:						
Loss and total comprehensive income for the year		-	-	-	(70,563)	(70,563)
Issue of share capital	26	61,750	35,815	-	-	97,565
Balance at 31 March 2017		2,408,263	169,390	600,880	1,358,587	4,537,120
Year ended 31 March 2018:						
Loss and total comprehensive income for the year		-	-	-	(569,649)	(569,649)
Transfers		-	-	(192,410)	192,410	-
Balance at 31 March 2018		2,408,263	169,390	408,470	981,348	3,967,471

TA HOTEL COLLECTION LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Share capital £	Share premium account £	Other reserves £	Profit and loss reserves £	Total £
Balance at 1 April 2016		2,346,513	133,575	600,880	1,429,150	4,510,118
Year ended 31 March 2017:						
Loss and total comprehensive income for the year		-	-	-	(70,563)	(70,563)
Issue of share capital	26	61,750	35,815	-	-	97,565
Balance at 31 March 2017		2,408,263	169,390	600,880	1,358,587	4,537,120
Year ended 31 March 2018:						
Loss and total comprehensive income for the year		-	-	-	(569,649)	(569,649)
Transfers		-	-	(192,410)	192,410	-
Balance at 31 March 2018		2,408,263	169,390	408,470	981,348	3,967,471

TA HOTEL COLLECTION LIMITED

GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash generated from operations	33	961,589		988,320	
Interest paid		(463,805)		(423,339)	
Income taxes refunded/(paid)		22,981		(76,092)	
Net cash inflow from operating activities		520,765		488,889	
Investing activities					
Purchase of business		(755,625)		-	
Purchase of tangible fixed assets		(537,044)	(1,245,112)		
Proceeds on disposal of tangible fixed assets		98,162	24,644		
Interest received		71	58		
Net cash used in investing activities		(1,194,436)		(1,220,410)	
Financing activities					
Proceeds from issue of shares		-	97,565		
Issue of debentures		1,000	-		
Proceeds from borrowings		720,000	-		
Repayment of borrowings		(2,822,389)	-		
Proceeds of new bank loans		3,600,000	14,000,391		
Repayment of bank loans		(1,117,167)	(10,797,812)		
Payment of finance leases obligations		(64,487)	(23,121)		
Net cash generated from financing activities		316,957		3,277,023	
Net (decrease)/increase in cash and cash equivalents		(356,714)		2,545,502	
Cash and cash equivalents at beginning of year		(361,574)		(2,907,076)	
Cash and cash equivalents at end of year		(718,288)		(361,574)	
Relating to:					
Cash at bank and in hand		275,297		268,964	
Bank overdrafts included in creditors payable within one year		(993,585)		(630,538)	

TA HOTEL COLLECTION LIMITED

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash generated from operations	34	1,089,659		988,320	
Interest paid		(464,987)		(423,339)	
Income taxes refunded/(paid)		409,971		(76,092)	
Net cash inflow from operating activities		1,034,643		488,889	
Investing activities					
Purchase of intangible assets		(92,095)		-	
Purchase of tangible fixed assets		(4,245,773)		(1,245,112)	
Proceeds on disposal of tangible fixed assets		98,162		24,644	
Purchase of subsidiaries		(1,137,391)		-	
Interest received		28		58	
Dividends received		846,366		-	
Net cash used in investing activities		(4,530,703)		(1,220,410)	
Financing activities					
Proceeds from issue of shares		-		97,565	
Issue of debentures		1,000		-	
Proceeds from borrowings		720,000		-	
Proceeds of new bank loans		3,600,000		14,000,391	
Repayment of bank loans		(1,117,167)		(10,797,812)	
Payment of finance leases obligations		(64,487)		(23,121)	
Net cash generated from financing activities		3,139,346		3,277,023	
Net (decrease)/increase in cash and cash equivalents		(356,714)		2,545,502	
Cash and cash equivalents at beginning of year		(361,574)		(2,907,076)	
Cash and cash equivalents at end of year		(718,288)		(361,574)	
Relating to:					
Cash at bank and in hand		275,297		268,964	
Bank overdrafts included in creditors payable within one year		(993,585)		(630,538)	

TA HOTEL COLLECTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

Company information

TA Hotel Collection Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Thorpeness Golf Club, Lakeside Avenue, Thorpeness, Leiston, Suffolk, IP16 4NH.

The group consists of TA Hotel Collection Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The consolidated financial statements incorporate those of TA Hotel Collection Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 March 2018. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The subsidiaries have been included in the group financial statements using the purchase method of accounting. Accordingly, the group profit and loss account and statement of cash flows include the results and cash flows of Exploits Limited and Son and Sun Limited for the period from its acquisition on 22 September 2017. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates. In the group financial statements, associates are accounted for using the equity method.

TA HOTEL COLLECTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the equity method.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

Room, catering and green fee revenue is recognised at the point of delivery.

Annual golf memberships fees and rental income is recognised on a pro-rata basis across the term of the contract.

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is five years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	2% straight line
Leasehold land and buildings	125 years straight line
Plant and equipment	15% reducing balance
Motor vehicles	25% reducing balance

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 income statement.

TA HOTEL COLLECTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

1.7 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

Where fair value cannot be achieved without undue cost or effort, investment property is accounted for as tangible fixed assets.

1.8 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

TA HOTEL COLLECTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.10 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.11 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.12 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

TA HOTEL COLLECTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

TA HOTEL COLLECTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.13 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

TA HOTEL COLLECTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.17 Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black-Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

1.18 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the income statement so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.19 Exemption from audit

Two of the company's subsidiaries are exempt from the requirements of this Act relating to the audit of accounts under Section 479A of the Companies Act 2006.

These are:

Son and Sun Limited, company registration number 09239887
Exploits Limited, company registration number 01894782

TA HOTEL COLLECTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Bad debt provision

The group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the aging profile of debtors, whether covered by insurance and historical experience.

Depreciation

The group estimates the rates of depreciation used to write down the different classes of assets the group owns. This is based on prior experience of asset lives while taking into account any additional circumstances. Once fully depreciated over its useful life the asset should be stated at its residual value or £nil if there is no residual value.

Goodwill

The group estimates the rate of amortisation of goodwill based on the period the directors expect to gain a future economic benefit from the business to which it relates. This assessment is based upon the directors knowledge of the hotel sector and forecast profits.

3 Turnover and other revenue

	2018 £	2017 £
Turnover analysed by class of business		
Operation of hotels	13,851,853	12,926,314
Rental income	116,779	273,281
	<u>13,968,632</u>	<u>13,199,595</u>
	2018 £	2017 £
Other significant revenue		
Interest income	71	58
	<u>71</u>	<u>58</u>
	2018 £	2017 £
Turnover analysed by geographical market		
United Kingdom	13,968,632	13,199,595
	<u>13,968,632</u>	<u>13,199,595</u>

TA HOTEL COLLECTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

4 Operating (loss)/profit

	2018 £	2017 £
Operating (loss)/profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	877,799	788,798
Depreciation of tangible fixed assets held under finance leases	30,120	34,810
(Profit)/loss on disposal of tangible fixed assets	(83,884)	9,628
Amortisation of intangible assets	38,747	-
Cost of stocks recognised as an expense	2,341,182	2,193,607
Operating lease charges	-	27,127
	<u> </u>	<u> </u>

5 Auditor's remuneration

	2018 £	2017 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	14,750	11,930
	<u> </u>	<u> </u>
For other services		
All other non-audit services	18,432	5,084
	<u> </u>	<u> </u>

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2018 Number	2017 Number	Company 2018 Number	2017 Number
Front of house staff	317	302	284	302
Administration staff	13	11	13	11
Management staff	40	38	40	38
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	370	351	337	351
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	Group 2018 £	2017 £	Company 2018 £	2017 £
Wages and salaries	5,904,087	5,455,137	5,649,296	5,455,137
Social security costs	427,298	383,517	427,298	383,517
Pension costs	27,964	24,447	25,010	24,447
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	6,359,349	5,863,101	6,101,604	5,863,101
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

TA HOTEL COLLECTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

7 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	257,500	437,856
Company pension contributions to defined contribution schemes	924	1,159
	<u>258,424</u>	<u>439,015</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2017 - 4).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2018 £	2017 £
Remuneration for qualifying services	78,600	128,197
Company pension contributions to defined contribution schemes	391	-
	<u>78,991</u>	<u>128,197</u>

8 Interest receivable and similar income

	2018 £	2017 £
Interest income		
Interest on bank deposits	71	58
	<u>71</u>	<u>58</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	71	58
	<u>71</u>	<u>58</u>

9 Interest payable and similar expenses

	2018 £	2017 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	460,158	418,756
Interest on finance leases and hire purchase contracts	3,647	4,583
	<u>463,805</u>	<u>423,339</u>

TA HOTEL COLLECTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

10 Taxation

	2018 £	2017 £
Current tax		
UK corporation tax on profits for the current period	296	(53,181)
Adjustments in respect of prior periods	444	-
Total current tax	740	(53,181)
Deferred tax		
Origination and reversal of timing differences	14,770	(31,151)
Total tax charge/(credit) for the year	15,510	(84,332)

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2018 £	2017 £
Loss before taxation	(554,139)	(154,895)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2017: 20.00%)	(105,286)	(30,979)
Tax effect of expenses that are not deductible in determining taxable profit	59,143	7,099
Gains not taxable	398,197	(1,318)
Adjustments in respect of prior years	73,116	(53,180)
Effect of change in corporation tax rate	(70,911)	(13,142)
Group relief	(4,563)	-
Permanent capital allowances in excess of depreciation	51,853	37,070
Other permanent differences	211	(79,198)
Losses carried back	-	49,316
Deferred tax acquired on acquisition of subsidiary	(386,250)	-
Taxation charge/(credit) for the year	15,510	(84,332)

TA HOTEL COLLECTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

11 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 April 2017	486,875
Additions - separately acquired	387,474
Disposals	(486,875)
At 31 March 2018	387,474
Amortisation and impairment	
At 1 April 2017	486,875
Amortisation charged for the year	38,747
Disposals	(486,875)
At 31 March 2018	38,747
Carrying amount	
At 31 March 2018	348,727
At 31 March 2017	-
Company	Goodwill £
Cost	
At 1 April 2017	486,875
Additions - separately acquired	387,474
Disposals	(486,875)
At 31 March 2018	387,474
Amortisation and impairment	
At 1 April 2017	486,875
Amortisation charged for the year	38,747
Disposals	(486,875)
At 31 March 2018	38,747
Carrying amount	
At 31 March 2018	348,727
At 31 March 2017	-

The goodwill purchased during the period has arisen on the acquisition of a hotel business. Amortisation will be charged on a straight line basis over five years, being the expected life of the goodwill.

Fully amortised goodwill on a previous business purchase has been written off.

TA HOTEL COLLECTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

12 Tangible fixed assets

Group	Freehold land and buildings	Leasehold land and buildings	Plant and equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 April 2017	18,872,014	619,500	7,121,832	54,200	26,667,546
Additions	227,386	-	308,537	15,995	551,918
Business combinations	3,600,000	-	106,875	2,642	3,709,517
Disposals	-	-	(630,444)	(41,500)	(671,944)
At 31 March 2018	22,699,400	619,500	6,906,800	31,337	30,257,037
Depreciation and impairment					
At 1 April 2017	2,862,409	-	4,117,959	25,638	7,006,006
Depreciation charged in the year	360,486	8,260	528,034	11,139	907,919
Eliminated in respect of disposals	-	-	(630,444)	(27,222)	(657,666)
At 31 March 2018	3,222,895	8,260	4,015,549	9,555	7,256,259
Carrying amount					
At 31 March 2018	19,476,505	611,240	2,891,251	21,782	23,000,778
At 31 March 2017	16,009,605	619,500	3,003,873	28,563	19,661,541

Company	Freehold land and buildings	Leasehold land and buildings	Plant and equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 April 2017	18,872,014	619,500	7,121,832	54,200	26,667,546
Additions	3,827,386	-	399,750	18,637	4,245,773
Disposals	-	-	(630,444)	(41,500)	(671,944)
At 31 March 2018	22,699,400	619,500	6,891,138	31,337	30,241,375
Depreciation and impairment					
At 1 April 2017	2,862,409	-	4,117,959	25,638	7,006,006
Depreciation charged in the year	360,486	8,260	512,372	11,139	892,257
Eliminated in respect of disposals	-	-	(630,444)	(27,222)	(657,666)
At 31 March 2018	3,222,895	8,260	3,999,887	9,555	7,240,597
Carrying amount					
At 31 March 2018	19,476,505	611,240	2,891,251	21,782	23,000,778
At 31 March 2017	16,009,605	619,500	3,003,873	28,563	19,661,541

TA HOTEL COLLECTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

12 Tangible fixed assets

(Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2018 £	2017 £	Company 2018 £	2017 £
Plant and equipment	107,530	143,306	107,530	143,306
Motor vehicles	6,350	28,562	6,350	28,562
	<u>113,880</u>	<u>171,868</u>	<u>113,880</u>	<u>171,868</u>
Depreciation charge for the year in respect of leased assets	<u>30,120</u>	<u>34,810</u>	<u>30,120</u>	<u>34,810</u>

Freehold land and buildings with a carrying amount of £17,683,871 (2017 - £16,062,661) have been pledged to secure borrowings of the company. The company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

Asset additions in respect of business combinations are assets purchased by the parent company from the subsidiary as part of the hive up of trade and assets on 29 March 2018.

13 Investment property

	Group 2018 £	Company 2018 £
Fair value		
At 1 April 2017 and 31 March 2018	<u>1,150,000</u>	<u>1,150,000</u>

Investment property comprises two properties held to earn rentals and/or capital appreciation. The fair value of the investment property has been arrived at on the basis of a valuation carried out by external professionals in previous periods and the original purchase price of the properties. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties.

If investment properties were stated on an historical cost basis rather than a fair value basis, the amounts would have been included as follows:

	Group 2018 £	2017 £	Company 2018 £	2017 £
Cost	623,913	623,913	623,913	623,913
Accumulated depreciation	(223,549)	(213,166)	(223,549)	(213,166)
Carrying amount	<u>400,364</u>	<u>410,747</u>	<u>400,364</u>	<u>410,747</u>

TA HOTEL COLLECTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

14 Fixed asset investments

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Investments in subsidiaries	15	-	-	300	-
Unlisted investments		2	2	2	2
		<u>2</u>	<u>2</u>	<u>302</u>	<u>2</u>

Movements in fixed asset investments Group

	Investments other than loans £
Cost or valuation	
At 1 April 2017 and 31 March 2018	<u>2</u>
Carrying amount	
At 31 March 2018	<u>2</u>
At 31 March 2017	<u>2</u>

Movements in fixed asset investments Company

	Shares in group undertakings £	Other investments other than loans £	Total £
Cost or valuation			
At 1 April 2017	-	2	2
Additions	1,137,391	-	1,137,391
At 31 March 2018	<u>1,137,391</u>	<u>2</u>	<u>1,137,393</u>
Impairment			
At 1 April 2017	-	-	-
Impairment losses	1,137,091	-	1,137,091
At 31 March 2018	<u>1,137,091</u>	<u>-</u>	<u>1,137,091</u>
Carrying amount			
At 31 March 2018	<u>300</u>	<u>2</u>	<u>302</u>
At 31 March 2017	<u>-</u>	<u>2</u>	<u>2</u>

During the year the Company purchased two subsidiaries. Following a hive up of trade and assets on 31 March 2018, the investments are now held at the nominal value of their share capital.

TA HOTEL COLLECTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

15 Subsidiaries

Details of the company's subsidiaries at 31 March 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Son and Sun Limited	England & Wales	Dormant	Ordinary shares	100.00	
Exploits Limited	England & Wales	Dormant	Ordinary shares	100.00	

The aggregate capital and reserves and the profit for the year of the subsidiaries noted above was as follows:

Name of undertaking	Profit/(Loss)	Capital and Reserves
	£	£
Son and Sun Limited	(819,423)	100
Exploits Limited	23,563	200

The investments in subsidiaries are stated at cost less impairment.

The Registered Office of each of the subsidiaries is Thorpeness Golf Club, Lakeside Avenue, Thorpeness, Suffolk, IP16 4NH.

16 Financial instruments

	Group 2018 £	2017 £	Company 2018 £	2017 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	237,454	199,746	237,454	199,746
Equity instruments measured at cost less impairment	2	2	2	2
Carrying amount of financial liabilities				
Measured at amortised cost	20,436,724	16,535,769	20,437,024	16,535,769

17 Stocks

	Group 2018 £	2017 £	Company 2018 £	2017 £
Finished goods and goods for resale	266,220	220,602	266,220	220,602

TA HOTEL COLLECTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

18 Debtors

	Group 2018	2017	Company 2018	2017
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	138,053	128,647	138,053	128,647
Corporation tax recoverable	49,316	49,316	49,316	49,316
Other debtors	99,401	71,099	99,401	71,099
Prepayments and accrued income	96,539	85,298	96,539	85,298
	<u>383,309</u>	<u>334,360</u>	<u>383,309</u>	<u>334,360</u>

19 Creditors: amounts falling due within one year

	Notes	Group 2018	2017	Company 2018	2017
		£	£	£	£
Bank loans and overdrafts	21	1,782,292	1,013,444	1,782,292	1,013,444
Obligations under finance leases	22	50,801	66,828	50,801	66,828
Trade creditors		1,004,254	695,887	1,004,254	695,887
Amounts due to group undertakings		1	1	301	1
Corporation tax payable		23,721	-	23,721	-
Other taxation and social security		376,282	308,574	376,282	308,574
Other creditors		949,183	911,071	949,183	911,071
Accruals and deferred income		126,810	74,727	126,810	74,727
		<u>4,313,344</u>	<u>3,070,532</u>	<u>4,313,644</u>	<u>3,070,532</u>

20 Creditors: amounts falling due after more than one year

	Notes	Group 2018	2017	Company 2018	2017
		£	£	£	£
Debenture loans	21	56,500	55,500	56,500	55,500
Bank loans and overdrafts	21	15,744,517	13,667,485	15,744,517	13,667,485
Obligations under finance leases	22	2,366	50,826	2,366	50,826
Other borrowings	21	720,000	-	720,000	-
		<u>16,523,383</u>	<u>13,773,811</u>	<u>16,523,383</u>	<u>13,773,811</u>

TA HOTEL COLLECTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

21 Loans and overdrafts

	Group 2018 £	2017 £	Company 2018 £	2017 £
Debenture loans	56,500	55,500	56,500	55,500
Bank loans	16,533,224	14,050,391	16,533,224	14,050,391
Bank overdrafts	993,585	630,538	993,585	630,538
Other loans	720,000	-	720,000	-
	<u>18,303,309</u>	<u>14,736,429</u>	<u>18,303,309</u>	<u>14,736,429</u>
Payable within one year	1,782,292	1,013,444	1,782,292	1,013,444
Payable after one year	<u>16,521,017</u>	<u>13,722,985</u>	<u>16,521,017</u>	<u>13,722,985</u>

The loans and overdraft are secured by a first legal charge over the freehold properties of the Company.

Bank loans comprise of four loans, repayable in instalments over one to six years. The weighted average interest rate on these loans during the year was 3.4%.

22 Finance lease obligations

	Group 2018 £	2017 £	Company 2018 £	2017 £
Future minimum lease payments due under finance leases:				
Within one year	50,801	66,828	50,801	66,828
In two to five years	2,366	50,826	2,366	50,826
	<u>53,167</u>	<u>117,654</u>	<u>53,167</u>	<u>117,654</u>

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is three years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

TA HOTEL COLLECTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

23 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2018 £	Liabilities 2017 £
Group		
Accelerated capital allowances	245,625	257,609
Tax losses	(6,864)	-
Revaluations	381,412	-
Investment property	-	31,262
Short term timing differences	(38)	(34,865)
	<u>620,135</u>	<u>254,006</u>
	<u>£</u>	<u>£</u>
Company		
Accelerated capital allowances	245,625	257,609
Tax losses	(6,864)	-
Revaluations	381,412	-
Investment property	-	31,262
Short term timing differences	(38)	(34,865)
	<u>620,135</u>	<u>254,006</u>
	<u>£</u>	<u>£</u>
Movements in the year:	Group 2018 £	Company 2018 £
Liability at 1 April 2017	254,006	254,006
Credit to profit or loss	(145,924)	(145,924)
Other	386,250	386,250
Liability at 31 March 2018	<u>494,332</u>	<u>494,332</u>

The deferred tax liability set out above is expected to reverse in line with the depreciation of tangible fixed assets.

Other deferred tax movements are in relation to liabilities recognised in the parent company on hive up of subsidiary net assets.

TA HOTEL COLLECTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

24 Retirement benefit schemes

	2018	2017
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	27,964	24,447

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

25 Share-based payment transactions

Group and company	Number of share options		Weighted average exercise price	
	2018 Number	2017 Number	2018 £	2017 £
Outstanding at 1 April 2017	179,075	240,825	5.98	4.85
Exercised	-	(61,750)	-	1.58
Expired	(179,075)	-	5.98	-
Outstanding at 31 March 2018	-	179,075	-	5.98
Exercisable at 31 March 2018	-	-	-	-

There were no options outstanding as at 31 March 2018.

All brought forward share options outstanding at 1 April 2017 lapsed during the year ended 31 March 2018. No options were exercised during the year.

26 Share capital

	Group and company	
	2018	2017
	£	£
Ordinary share capital		
Issued and fully paid		
2,408,263 Ordinary shares of £1 each	2,408,263	2,408,263

TA HOTEL COLLECTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

27 Share premium account

	Group 2018 £	2017 £	Company 2018 £	2017 £
At beginning of year	169,390	133,575	169,390	133,575
Issue of new shares	-	35,815	-	35,815
At end of year	169,390	169,390	169,390	169,390

The increase in the share premium account in the year ended 31 March 2017 was in respect of share options exercised during the year in excess of their par value.

28 Other reserves

Group	Merger reserve £	Share option reserve £	Total £
At 1 April 2016	408,470	192,410	600,880
At 31 March 2017	408,470	192,410	1,201,760
Additions	-	(192,410)	(192,410)
At 31 March 2018	408,470	-	1,009,350

Company	Merger reserve £	Share option reserve £	Total £
At 1 April 2016	408,470	192,410	600,880
At 31 March 2017	408,470	192,410	1,201,760
Additions	-	(192,410)	(192,410)
At 31 March 2018	408,470	-	1,009,350

The merger reserve was created on the transfer of assets from Aldeburgh Hotels Limited on 1 April 2002.

The share option reserve provides for the cost of issuing share options to certain ex-directors. These share options have now lapsed.

TA HOTEL COLLECTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

29 Profit and loss reserves

	Group 2018 £	2017 £	Company 2018 £	2017 £
At the beginning of the year	1,358,587	1,429,150	1,358,587	1,429,150
Loss for the year	(569,649)	(70,563)	(569,649)	(70,563)
Transfer to reserves	192,410	-	192,410	-
At the end of the year	<u>981,348</u>	<u>1,358,587</u>	<u>981,348</u>	<u>1,358,587</u>

30 Acquisitions

On 22 September 2017 the group acquired 100% of the issued capital of Son and Sun Limited. Son and Sun Limited owns 100% of the share capital of Exploits Limited.

Prior to the hive up of trade and assets into T A Hotel Collection Limited on 29 March 2018, Exploits Limited was a trading company operating a hotel owned by Sun and Son Limited. Sun and Son Limited is a dormant holding company.

	Book Value £	Adjustments £	Fair Value £
Property, plant and equipment	3,754,978	-	3,754,978
Inventories	69,743	-	69,743
Trade and other receivables	63,498	-	63,498
Cash and cash equivalents	21,986	-	21,986
Borrowings	(2,822,389)	-	(2,822,389)
Trade and other payables	(346,320)	-	(346,320)
Deferred tax	(351,359)	-	(351,359)
Total identifiable net assets	<u>390,137</u>	<u>-</u>	<u>390,137</u>
Goodwill			<u>387,474</u>
Total consideration			<u>777,611</u>
The consideration was satisfied by:			£
Cash			<u>777,611</u>
Contribution by the acquired business for the reporting period included in the consolidated statement of comprehensive income since acquisition:			£
Turnover			730,997
Profit after tax			<u>192,512</u>

TA HOTEL COLLECTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

30 Acquisitions

(Continued)

The goodwill arising on the acquisition of the business is attributable to the anticipated profitability of the newly acquired hotel property and trade.

31 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2018 £	2017 £
Aggregate compensation	258,424	415,170

During the year the group purchased goods totalling £332,357 (2017: £401,058) and expensed professional services totalling £194,158 (2017: £193,830) from entities under common control or directorship. At the year end £34,048 (2017: £44,773) was owed to these related parties. Loan balances totalling £940 (2017: £4,240) were owed by entities under common control or directorship.

During the year rent was paid to a director at a cost of £nil (2017: £25,000). At 31 March 2018 (2017: £nil) the group owed a director £720,000. This loan is repayable in greater than one year.

At the year end there were no (2017: 179,075) share options from the Directors Share Option Plan in place.

32 Controlling party

The company is controlled by the MGH Heald 1993 Settlement.

33 Cash generated from group operations

	2018 £	2017 £
Loss for the year after tax	(569,649)	(70,563)
Adjustments for:		
Taxation charged/(credited)	15,510	(84,332)
Finance costs	463,805	423,339
Investment income	(71)	(58)
(Gain)/loss on disposal of tangible fixed assets	(83,884)	9,628
Amortisation and impairment of intangible assets	69,334	-
Depreciation and impairment of tangible fixed assets	907,918	823,608
Movements in working capital:		
Decrease/(increase) in stocks	24,125	(41,787)
Decrease in debtors	14,549	240,069
Increase/(decrease) in creditors	119,952	(311,584)
Cash generated from operations	961,589	988,320

TA HOTEL COLLECTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

33 Cash generated from operations - company

	2018 £	2017 £
Loss for the year after tax	(569,649)	(70,563)
Adjustments for:		
Taxation credited	(20,121)	(84,332)
Finance costs	464,987	423,339
Investment income	(846,394)	(58)
(Gain)/loss on disposal of tangible fixed assets	(83,884)	9,628
Amortisation and impairment of intangible assets	38,747	-
Depreciation and impairment of tangible fixed assets	892,256	823,608
Amounts written off investments	841,712	-
Movements in working capital:		
(Increase) in stocks	(45,618)	(41,787)
(Increase)/decrease in debtors	(48,949)	240,069
Increase/(decrease) in creditors	466,572	(311,584)
Cash generated from operations	1,089,659	988,320