

**Stoke Park Limited**

**Directors' Report and financial  
statements**

**Registered number 02732069**

**For the year ended 31 December 2016**



<b>Contents</b>	<b>Page No.</b>
Directors and Officers	1
Strategic Report	2
Directors' Report	3
Statement of directors' responsibilities in respect of the Strategic Report, Directors' Report and the financial statements	4
Independent auditor's report to the members of Stoke Park Limited	5
Profit and Loss Account and Other Comprehensive Income	7
Balance Sheet	8
Statement of Changes in Equity	9
Notes	10

## **Directors and Officers**

### **Directors**

RM King (Chairman)  
HM King  
WM King  
CM King

### **Company Secretary**

HM King

### **Registered Office**

Stoke Park  
Park Road  
Stoke Poges  
Buckinghamshire  
SL2 4PG

### **Auditors**

KPMG LLP  
58 Clarendon Road  
Watford  
Hertfordshire  
WD17 1DE

## Strategic Report

The directors present their strategic report on the Company for the year ended 31 December 2016.

### Review of the business

The Company is a wholly-owned subsidiary of International Group Limited and operates as part of International Group Limited's leisure division.

The Company's principal activities are operating and managing luxury country clubs and hotels in the UK. There have not been any significant changes in the Company's principal activities in the year under review. The Directors are not, at the date of this report, aware of any likely major changes in the Company's activities in the next year.

### Results and performance

As shown in the Company's profit and loss account on page 7, the Company's turnover has increased by 2% over the prior year and the Company earned profit before taxation in the current year of £1,667,000 (2015: £911,000 profit) inclusive of a gain of £2,198,000 (2015: £Nil) on fair valuation of an investment property and a charge of £1,033,000 (2015: £152,000) arising as a result of unwinding of discount on settlement of intercompany loan.

The balance sheet on page 8 of the financial statements shows the Company's financial position at the year-end. There have been no significant events since the balance sheet date which should be considered for a proper understanding of these financial statements.

### Key performance indicators

International Group Limited manages its operations on a divisional basis. For this reason, the Company's directors believe that further key performance indicators (other than profit after tax stated above) for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the leisure division of International Group Limited, which includes the Company, is discussed in International Group Limited's Annual Report which does not form part of this Report.

### Principal risks and uncertainties

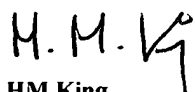
Competitive pressure in the UK is a continuing risk for the Company, which could result in it losing sales to its key competitors. To manage this risk, the Company strives to provide added-value services to its customers; prompt response times in the supply of products and services and in the handling of customer queries; and through the maintenance of strong relationships with customers.

The Company's business may be affected by fluctuations in the price and supply of key services and materials, although purchasing policies and practices seek to mitigate, where practicable, such risks.

The Group risks to which International Group Limited are exposed are discussed in International Group Limited's Annual Report which does not form part of this Report.

The Company continues to invest in Stoke Park and is developing further value-added services to increase revenue and profit after tax.

By order of the board



**HM King**  
Director

Stoke Park  
Park Road  
Stoke Poges  
Bucks  
SL2 4PG

23rd February 2018

## Directors' Report

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

### Proposed dividend

The directors do not recommend the payment of a dividend (2015: *£nil*).

### Directors

The directors who held office during the year were as follows:

RM King (Chairman)  
HM King  
WM King  
CM King

### Political and charitable contributions

The Company made £6,100 (2015: £3,000) of charitable contributions and no political donations (2015: *£nil*) during the year.

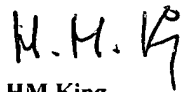
### Disclosure of information to auditor

The directors who held office at the date of approval 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 each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### Auditor

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

By order of the board



HM King  
Director

Stoke Park  
Park Road  
Stoke Poges  
Bucks  
SL2 4PG

23rd February 2018

## **Statement of directors' responsibilities in respect of the Strategic Report, Directors' Report and the financial statements**

The directors are responsible for preparing the Strategic Report, 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, the directors have prepared the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 judgments and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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



KPMG LLP  
58 Clarendon Road  
Watford  
Hertfordshire  
WD17 1DE  
United Kingdom

### **Independent auditor's report to the members of Stoke Park Limited**

We have audited the financial statements of Stoke Park Limited for the year ended 31 December 2016 set out on pages 7 to 26. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

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

### **Opinion on financial statements**

In our opinion the financial statements:

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

### **Emphasis of matter – Going Concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the Company's ability to continue as a going concern. The Company's current liabilities exceeded its current assets by £2,123,000 as at the reporting date and the Company is reliant for its working capital needs on the collection of amounts receivable from its parent company.

**Independent auditor's report to the members of Stoke Park Limited** *(continued)*

**Emphasis of matter – Going Concern** *(continued)*

Given the impending cashflow requirements and outstanding liabilities, the payments by parent company may not be sufficient which would affect the ability of the Company to repay its obligations. These conditions along with the other matters explained in note 1 to the financial statements indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements.

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

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

**Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



23/2/18

**David BurrIDGE (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*

58 Clarendon Road  
Watford  
Hertfordshire  
WD17 1DE  
United Kingdom



**Profit and Loss Account and Other Comprehensive Income**  
*for the year ended 31 December 2016*

	<i>Note</i>	<b>2016</b> <b>£000</b>	<b>2015</b> <b>£000</b>
<b>Turnover</b>	<b>2</b>	<b>15,919</b>	<b>15,538</b>
Cost of sales		<b>(2,418)</b>	<b>(2,321)</b>
		<hr/>	<hr/>
<b>Gross profit</b>		<b>13,501</b>	<b>13,217</b>
Administrative expenses		<b>(12,016)</b>	<b>(11,757)</b>
		<hr/>	<hr/>
<b>Operating profit</b>		<b>1,485</b>	<b>1,460</b>
Profit/(loss) on sale of fixed asset		<b>13</b>	<b>(19)</b>
Increase in fair value of investment property	<i>12</i>	<b>2,198</b>	<b>-</b>
Other gains and losses	<i>7</i>	<b>113</b>	<b>473</b>
Interest payable and similar expenses	<i>8</i>	<b>(2,142)</b>	<b>(1,003)</b>
		<hr/>	<hr/>
<b>Profit before tax</b>	<i>4</i>	<b>1,667</b>	<b>911</b>
Taxation	<i>9</i>	<b>(82)</b>	<b>-</b>
		<hr/>	<hr/>
<b>Profit for the financial year</b>		<b>1,585</b>	<b>911</b>
		<hr/>	<hr/>
<b>Other comprehensive income</b>			
Revaluation gain		<b>5,822</b>	<b>-</b>
		<hr/>	<hr/>
<b>Other comprehensive income for the financial year net of income tax</b>		<b>5,822</b>	<b>-</b>
		<hr/>	<hr/>
<b>Total comprehensive income for the financial year</b>		<b>7,407</b>	<b>911</b>
		<hr/>	<hr/>

The above results were derived solely from continuing operations.

Notes from pages 10 to 26 form a part of these financial statements

**Balance Sheet**  
*at 31 December 2016*

	<i>Note</i>	<b>2016</b>	<b>2015</b>
		<b>£000</b>	<b>£000</b>
<b>Fixed assets</b>			
Intangible assets	<i>10</i>	15	14
Tangible assets	<i>11</i>	63,319	58,086
Investment property	<i>12</i>	2,503	-
		<hr/>	<hr/>
		65,837	58,100
<b>Current assets</b>			
Stocks	<i>13</i>	353	489
Debtors	<i>14</i>	4,165	1,175
Cash at bank and in hand		6	342
		<hr/>	<hr/>
		4,524	2,006
<b>Creditors: amounts falling due within one year</b>	<i>15</i>	(6,647)	(9,171)
		<hr/>	<hr/>
<b>Net current liabilities</b>		(2,123)	(7,165)
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		63,714	50,935
<b>Creditors: amounts falling due after more than one year</b>	<i>16</i>	(34,913)	(29,541)
		<hr/>	<hr/>
<b>Net assets</b>		28,801	21,394
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	<i>18</i>	1	1
Revaluation reserve	<i>18</i>	36,673	30,851
Fair value reserve		-	1,033
Profit and loss account		(7,873)	(10,491)
		<hr/>	<hr/>
<b>Shareholder's funds</b>		28,801	21,394
		<hr/>	<hr/>

Notes from pages 10 to 26 form a part of these financial statements

These financial statements were approved by the board of directors on 23rd February 2018 and were signed on behalf by:

*H. M. King*

**HM King**  
*Director*

Registered number 2732069

**Statement of Changes in Equity**  
*for the year ended 31 December 2016*

	Called up share capital £000	Revaluation reserve £000	Fair value reserve £000	Profit and loss account £000	Total equity £000
At 1 January 2015	1	30,851	1,185	(11,554)	20,483
Profit for the year	-	-	-	911	911
Transfer to profit and loss account	-	-	(152)	152	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2015	1	30,851	1,033	(10,491)	21,394
Profit for the year	-	-	-	1,585	1,585
Other comprehensive income	-	5,822	-	-	5,822
Transfer to profit and loss account (note 16)	-	-	(1,033)	1,033	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 December 2016</b>	<b>1</b>	<b>36,673</b>	<b>-</b>	<b>(7,873)</b>	<b>28,801</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Notes from pages 10 to 26 form a part of these financial statements

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

Stoke Park Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

#### *Basis of preparation*

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

Notwithstanding the Company's net current liabilities of £2,123,000 (2015: £7,165,000), these financial statements have been prepared on a going concern basis.

A significant portion of the Company's current assets consists of the amounts receivable from International Group Limited (the ultimate parent company). Accordingly, the Company's ability to continue as a going concern is dependent on its ability to collect the outstanding balance from the ultimate parent company. The parent company has itself obtained financial support from the Company and other subsidiary undertakings to enable it to continue to trade as a going concern. International Group Limited has provided written confirmation that for at least twelve months from the date of approval of these financial statements, it will continue to make such payments against the outstanding balance as necessary to enable the Company to continue to meet its obligations as they fall due. This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. However, as with any 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.

The parent company's directors, who are also the directors of the Company, have prepared cashflow forecasts for the group (including the Company) for a period of at least twelve months from the date of approval of these financial statements and these show that the group (including the Company) should be able to operate within its facilities. The group has an overdraft facility of £3.7 million which is due to expire on 31 March 2018. Based upon the progress on generating additional funds as set out below, the group may need to open renewal negotiations with its bank before that date and has, at this stage, not sought any written commitment that the facility will be renewed. A subsidiary within the group also has a twelve month loan of £2.7 million from Octopus Partners which is due to be repaid on 14 February 2018 for which a three month extension is in the process of being completed. Discussions are ongoing with the group's bank and loan providers as to what, if any, support will be available after 31 March 2018. There can be no certainty over additional support from existing, or new, providers of finance, and the timing of receiving cash from any of the above interests, however, the group has from its principal bankers a letter of comfort that it will continue to support the group until the group receives its share of funds from the voluntary liquidation of a joint venture property interest which are expected to amount to circa £5.5 million.

The directors are also actively seeking to realise funds for working capital support for the group by:

- selling substantial property interests held directly or indirectly under their ownership;
- collecting a debt of £5.8 million from an overseas Government overdue on an overseas long term contract undertaken by a group entity;
- securing payment of a recent court awarded compensation of £8 million to a group entity arising from a terminated contract in China.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Basis of preparation (continued)*

Based on the current status of negotiations conducted to date, the directors have a reasonable expectation that they will proceed within the timetable forecast, but there can be no certainty that funds will be received as forecast or the sale of the properties will proceed. Based on the latest available information, the directors have a reasonable expectation that sufficient funds will be realised, but if not the group will need to secure additional finance facilities from its current bank, loan providers, or shareholders, or identify alternative sources of funding to fulfil its working capital requirements.

The directors have concluded that the combination of the above circumstances represents a material uncertainty that casts significant doubt upon the parent company's ability to make payments against the outstanding balance and hence the Company's ability to continue as a going concern and that, therefore the Company may be unable to continue realising its assets and discharging its liabilities in the normal course of business. Nevertheless, after making enquiries and considering the uncertainties described above, the directors are confident that the Company has adequate resources to continue to operate for the foreseeable future. For these reasons they continue to adopt the going concern basis in preparing the annual financial statements. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

The Company's ultimate parent undertaking, International Group Limited includes the Company in its consolidated financial statements. The consolidated financial statements of International Group Limited are prepared in accordance with FRS 102 and are available to the public and can be obtained from the address given in note 20. 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 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.

As the consolidated financial statements of ultimate parent undertaking include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosure:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

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

#### *Measurement convention*

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of land and buildings and certain financial assets and liabilities measured at fair value through profit or loss.

#### *Foreign currencies*

Transactions in foreign currencies are translated into the Company's functional currency at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the rate of exchange ruling at that date and the gains or losses on translation are included in the profit and loss account.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Intangible fixed assets and amortisation*

Intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation is charged to the profit and loss account to write off the cost on a straight-line basis over their estimated useful economic lives as follows:

Computer software - 5 years

The Company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that an intangible asset may be impaired.

#### *Tangible fixed assets and depreciation*

Tangible fixed assets, other than long leasehold property and land are stated at cost less accumulated depreciation and accumulated impairment losses. Long leasehold property has been revalued to fair value prior to the date of transition to FRS 102, and is measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Depreciation is charged to the profit and loss account to write off the cost less the estimated residual value of each part of an item of tangible fixed assets on a straight-line basis over their estimated useful economic lives as follows:

Long leasehold property and	
Leasehold improvements	- 10 to 100 years (dependent upon the type of improvement)
Plant and machinery	- 5 to 25 years (dependent on type of machinery)
Fixtures and fittings	- 5 years
Motor vehicles	- 4 years

No depreciation is provided on freehold land. No depreciation is provided on assets in course of construction.

No depreciation is provided on fine works included within fixtures and fittings as it is considered that the residual value of these items will be greater than cost.

In the case of freehold buildings, annual depreciation (using residual values estimated at the time the properties were acquired or at the time of a later revaluation) would not be material in these accounts and hence no depreciation is provided.

Included within long leasehold property and leasehold improvements is leasehold land and buildings on which no depreciation is provided as the leases all have 100 years and over left to run as at the balance sheet date. It is the Company's practice to maintain these assets in a continual state of sound repair and make improvements thereto from time to time and accordingly the directors consider that the lives of these assets are so long and residual values, based on prices prevailing at the time of acquisition or subsequent valuation, are so high that their depreciation is insignificant. Any permanent diminution in value of such properties is charged to profit and loss account as appropriate. On an annual basis the director's consider the appropriateness of the assumed useful economic lives for assets which have a useful economic life of greater than 50 years.

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Leases*

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease.

#### *Stocks and work in progress*

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

Cost is based on the weighted average principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition.

#### *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.

##### *Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

#### *Other financial instruments*

##### *Financial instruments not considered to be Basic financial instruments (Other financial instruments)*

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except as follows:

- investments in equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably shall be measured at cost less impairment; and
- hedging instruments in a designated hedging relationship.

##### *Derivative financial instruments*

Derivative financial instruments, including interest rate swaps and forward foreign exchange contracts are not Basic Financial Instruments. Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss in finance income or finance costs as appropriate, unless they are included in a hedging arrangement.

The Company has not entered into any hedging arrangements.

## Notes (continued)

### 1 Accounting policies (continued)

#### **Impairment**

##### *Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

#### **Employee benefits**

##### *Defined contribution plans and other long term employee benefits*

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

#### **Provisions**

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

##### *Financial guarantee contracts*

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

#### **Turnover**

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to third party customers. Turnover is recognised when goods and services have been supplied to and accepted by the Company's clients. Turnover on long term construction projects are recognised based on the proportion of cost appropriate to the stage of completion plus attributable profits, less amounts recognised in previous years. Fees are recognised over the period of the relevant assignments or agreements. Rental turnover is recognised in accordance with tenants' rental agreements.

Turnover from transactions where goods or services are sold in exchange for dissimilar goods or services are measured at the fair value of the goods and services received, adjusted by any cash or cash equivalent paid. These transactions are described within these accounts as Barter Transactions.



## Notes (continued)

### 1 Accounting policies (continued)

#### Expenses

##### Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

##### Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

##### Interest receivable and interest payable

Interest payable and similar expenses include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are expensed as incurred.

Other interest receivable and similar income include interest receivable on deposits repayable on demand and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

#### 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, associates and joint ventures 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.

## Notes (continued)

### 1 Accounting policies (continued)

#### Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost.

#### Subsequent to initial recognition

- i. investment properties whose fair value can be measured reliably without undue cost or effort are held at fair value. Any gains or losses arising from changes in the fair value are recognised in profit or loss in the period that they arise; and
- ii. no depreciation is provided in respect of investment properties applying the fair value model.

### 2 Segmental information

In the opinion of the directors, turnover and the profit before taxation arose in the same class of business and geographical market for the current and preceding year. All income is derived solely in the United Kingdom.

### 3 Barter transactions

Within turnover recognised £2,000 is attributable to barter transactions recognised during the year (2015: £34,000).

### 4 Expenses and auditor's remuneration

	2016 £000	2015 £000
<i>Profit/loss is stated after charging/(crediting):</i>		
Audit of these financial statements	26	26
Amortisation of intangible assets	6	5
Depreciation of owned tangible assets	1,121	954
Depreciation of leased assets	220	216
Hire of plant and machinery	8	6
(Profit)/loss on sale of fixed asset	(13)	19
	<hr/>	<hr/>

### 5 Remuneration of directors

Directors are paid by the ultimate parent company, International Group Limited, for services they perform on behalf of Stoke Park Limited.

## Notes (continued)

### 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:

	<b>Number of employees</b>	
	<b>2016</b>	<b>2015</b>
Management	8	8
Administration	40	41
Operational	206	205
	<hr/>	<hr/>
	<b>254</b>	<b>254</b>
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	5,244	4,953
Social security costs	498	484
Other pension costs	51	48
	<hr/>	<hr/>
	<b>5,793</b>	<b>5,485</b>
	<hr/>	<hr/>

### 7 Other gains and losses

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Gain on derivative financial instruments at fair value through profit or loss	-	473
Gain due to termination of derivative financial instruments	113	-
	<hr/>	<hr/>
	<b>113</b>	<b>473</b>
	<hr/>	<hr/>

### 8 Interest payable and similar expenses

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Interest on bank loans and overdrafts	982	811
Interest payable on finance leases	34	40
Unwind of discount on settlement of intercompany loan (refer note 16)	1,033	152
Other interest payable	93	-
	<hr/>	<hr/>
	<b>2,142</b>	<b>1,003</b>
	<hr/>	<hr/>

## Notes (continued)

### 9 Taxation

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

##### Analysis of expense in year

	2016 £000	2015 £000
<i>Current tax</i>		
Current UK tax on income for the year	-	-
	<hr/>	<hr/>
Total current tax	-	-
	<hr/>	<hr/>
<i>Deferred tax</i>	82	-
	<hr/>	<hr/>
Total deferred tax	82	-
	<hr/>	<hr/>
Total tax	82	-
	<hr/>	<hr/>

##### Reconciliation of effective tax rate

The total tax expense for the year is lower (2015: lower) than the standard rate of corporation tax in the UK 20.00%, (2015: 20.25%). The differences are explained below:

	2016 £000	2015 £000
<i>Total tax reconciliation</i>		
Profit before tax	1,667	911
	<hr/>	<hr/>
Tax using the UK corporation tax rate of 20.00% (2015: 20.25%)	333	184
	<hr/>	<hr/>
<i>Effects of:</i>		
Income not taxable for tax purposes	(439)	-
Expenses not deductible for tax purposes	207	31
Difference between depreciation and capital allowances	(17)	(15)
Other short-term timing differences	(2)	(104)
Exempt chargeable gain	-	(96)
	<hr/>	<hr/>
Total tax expense (see above)	82	-
	<hr/>	<hr/>

The total tax expense is recognised wholly in the profit and loss account.

In the 2016 Budget, the Chancellor announced additional planned reductions to 17% from 1 April 2020. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 2016 has been calculated based on the rates of 17% substantively enacted at the balance sheet date.

## Notes (continued)

### 10 Intangible assets

	<b>Computer software £000</b>	<b>Total £000</b>
<i><b>Cost</b></i>		
At beginning of year	62	62
Additions	7	7
	<hr/>	<hr/>
At end of year	69	69
	<hr/>	<hr/>
<i><b>Amortisation</b></i>		
At beginning of year	48	48
Charge for the year	6	6
	<hr/>	<hr/>
At end of year	54	54
	<hr/>	<hr/>
<i><b>Net book value</b></i>		
<b>At 31 December 2016</b>	<b>15</b>	<b>15</b>
	<hr/>	<hr/>
At 31 December 2015	14	14
	<hr/>	<hr/>

All amortisation is recognised through the profit and loss account in administrative expenses.

## Notes (continued)

### 11 Tangible fixed assets

	Long leasehold property and leasehold improvements £000	Plant and machinery £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
<b>Cost or valuation</b>					
At beginning of year	55,884	4,524	4,501	229	65,138
Additions	334	409	68	13	824
Disposals	-	-	-	(111)	(111)
Revaluation	3,376	-	-	-	3,376
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	59,594	4,933	4,569	131	69,227
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>					
At beginning of year	2,338	2,847	1,790	77	7,052
Charge for year	693	419	181	48	1,341
On disposals	-	-	-	(40)	(40)
Revaluation	(2,445)	-	-	-	(2,445)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	586	3,266	1,971	85	5,908
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>					
At 31 December 2016	<u>59,008</u>	<u>1,667</u>	<u>2,598</u>	<u>46</u>	<u>63,319</u>
At 31 December 2015	<u>53,546</u>	<u>1,677</u>	<u>2,711</u>	<u>152</u>	<u>58,086</u>

The cost of fixtures and fittings includes £1,744,000 (2015: £1,742,000) of assets which are not subject to depreciation. Included within long leasehold property and leasehold improvements is long leasehold land of £931,000 (2015: £401,000) which is not subject to depreciation.

Included within plant and machinery are assets held under finance leases with a cost of £1,109,000 (2015: £1,212,000), accumulated depreciation of £618,000 (2015: £537,000) and a net book value of £491,000 (2015: £675,000). Depreciation of £220,000 (2015: £216,000) was charged on these assets during the year.

The following information relates to tangible fixed assets carried on the basis of revaluations in accordance with FRS 102, Section 18, and in respect of historical cost, paragraph 34 of Schedule 1 of the Regulations.

## Notes (continued)

### 11 Tangible fixed assets (continued)

#### Class of assets – Long leasehold property and leasehold improvements

	2016 £000	2015 £000
At existing use value		
22 February 2016 / 1 January 2012 – Full valuation	62,000	55,000
Less non-leasehold assets included within 2016 valuation remaining at cost	(2,724)	-
Additions thereon	318	884
Aggregate depreciation thereon	(586)	(2,338)
	<hr/>	<hr/>
Net book value	59,008	53,546
	<hr/>	<hr/>
Historical cost of revalued assets	28,471	28,153
Aggregate depreciation thereon	(5,856)	(5,458)
	<hr/>	<hr/>
Historical cost net book value	22,615	22,695
	<hr/>	<hr/>

The long leasehold land and buildings (comprising Stoke Park, Park Road, Stoke Poges, Buckinghamshire, SL2 4PG) together with certain other assets based at Stoke Park, were professionally valued as at 22 February 2016 at £62 million. The fair value was measured using the income capitalisation method. Key assumptions of this calculation include determination of a sustainable EBITDA for the business and an appropriate capitalisation rate.

The valuations were performed by M. Churchouse, MRICS of CBRE Limited, Chartered Surveyors. The valuations were in accordance with the RICS Statements of Asset Valuation Practice and Guidance Notes.

The Directors of Stoke Park Ltd have based the revaluation of the Stoke Park Hotel & Country Club upon this external formal valuation as the best source for arriving at current valuation. Reviewing the CBRE valuation report and in particular the section covering Trading Properties Valuation Assumption, the value of fixtures and fittings noted above as £1,744,000 which are not subject to depreciation are considered additional to this trading valuation and therefore the net book value has been adjusted as set out above prior to determining the change in valuation that should be reflected in these financial statements.

### 12 Investment property

	2016 £000	2015 £000
Balance at beginning of the year	-	-
Additions	305	-
Net gain from fair value adjustments	2,198	-
	<hr/>	<hr/>
Net book value	2,503	-
	<hr/>	<hr/>

## Notes (continued)

### 12 Investment property (Continued)

Investment property comprise a freehold title located in Stoke Poges, Buckinghamshire adjacent to Stoke Park, which was acquired by the Company during the year. This property, along with two adjacent properties owned by Stoke Park Estates, a fellow subsidiary undertaking, were professionally valued as at 30 January 2017. The Directors have assessed that this value is materially consistent with the value of the property at the balance sheet date. The fair value was measured using the residual value method. Key assumptions of this calculation include determination of cost of construction of residential villas and apartments on this land in line with the planning consent granted by the South Bucks District Council, the market value of the completed project and an estimate for the developer margin, to determine the residual value attributable to the land.

The valuation was performed by T. Power, MRICS of CBRE Limited, Chartered Surveyors. The valuation was in accordance with the RICS Statements of Asset Valuation Practice and Guidance Notes.

The gain on investment property reflected in the table above is the amount attributable to the title held by the Company. Subsequent to the year end, in March 2017, the Company transferred the title to this property to Stoke Park Estates at carrying value.

### 13 Stocks

	2016 £000	2015 £000
Finished goods and goods for resale	353	445
Consumables	-	44
	<u>353</u>	<u>489</u>

### 14 Debtors

	2016 £000	2015 £000
Trade debtors	624	665
Other debtors	343	314
Amounts owed by group undertakings	3,007	-
Prepayments and accrued income	191	196
	<u>4,165</u>	<u>1,175</u>

All debtors are due within one year.



## Notes (continued)

### 15 Creditors: amounts falling due within one year

	2016 £000	2015 £000
Bank loan and overdrafts	2,003	1,208
Obligations under finance leases	207	286
Trade creditors	956	643
Amounts owed to group undertakings	-	2,156
Taxation and social security	442	1,499
Other creditors	391	510
Accruals and deferred income	2,648	2,433
Derivative financial instrument	-	436
	<u>6,647</u>	<u>9,171</u>

On 29 July 2016, the interest swap was terminated early as part of a refinancing activity noted below. This has led to the release of the above derivative financial instrument through the profit and loss.

### 16 Creditors: amounts falling due after more than one year

	2016 £000	2015 £000
Bank loans	34,755	20,513
Obligations under finance leases	76	282
Amounts owed to parent undertaking	-	8,292
Derivative financial instrument	-	454
Deferred tax provision	82	-
	<u>34,913</u>	<u>29,541</u>

On 29 July 2016, the interest swap was terminated early as part of a refinancing activity noted below. This has led to the release of the above derivative financial instrument through the profit and loss.

## Notes (continued)

### 16 Creditors: amounts falling due after more than one year (continued)

#### Analysis of debt:

	2016 £000	2015 £000
Debt can be analysed as falling due:		
Within one year	2,003	1,208
In two to five years	34,755	4,385
In five years and above	-	24,420
	<u>          </u>	<u>          </u>

On 29 July 2016, the Group made an early repayment of the outstanding bank loans and entered into a £35.8m facility with HSBC. This facility is due for repayment in instalments over a five year period up to the expiry date of 31 March 2021. The first repayment of £0.3m is due 30 June 2017, and in quarterly instalments up to 31 March 2021. The remaining balance of £30.4m will be repayable at the expiry date of 30 June 2021. All loans carry interest at *libor plus margin*, which varies in accordance with the ratio of *net debt* divided by *EBITDA*. The margin at 31 December 2016 is 2.25 per cent. The bank loans are secured by a company debenture, a fixed and floating charge over leasehold and freehold land and property, a fixed charge over book and other debts and a composite multilateral guarantee.

The maturity of obligations under finance leases is as follows:

	2016 £000	2015 £000
Within one year	207	286
In the second to fifth years	76	282
	<u>          </u>	<u>          </u>
	283	568
	<u>          </u>	<u>          </u>

In the prior year, amounts owed to group undertakings of £10,448,000 included a long term loan from the parent company of £8,292,000, which was subordinated so that it ranked behind certain bank borrowings which at the prior year-end amounted to £20,513,000. Upon the early settlement of these bank borrowings during the year, the Company also paid off the subordinated intercompany loan on 29 July 2016. As a result, the fair value adjustment booked in equity of £1,033,000 was transferred to the income statement, upon settlement of the loan.

In the prior year the Company was also party to a composite guarantee arrangement with other group companies (*see note 22 for further details*).

### 17 Deferred taxation

A deferred tax liability of £82,000 has arisen at the balance sheet date. The corresponding deferred tax asset of £6,000 at the prior year-end was not recognised since the directors did not feel that it appropriate to recognise a deferred tax asset in the light of trading conditions prevalent at that date.

The elements of deferred taxation are as follows:

	2016 £000	2015 £000
Difference between accumulated depreciation and capital allowances	(1,951)	(2,085)
Tax losses carried forward	2,033	2,091
	<u>          </u>	<u>          </u>
	82	6
	<u>          </u>	<u>          </u>

## Notes (continued)

### 18 Capital and reserves

#### Called up share capital

	2016 £000	2015 £000
<i>Allotted, called up and fully paid</i>		
1,000 ordinary shares of £1 each	1	1
	<hr/>	<hr/>
Shares classified in shareholder's equity	1	1
	<hr/>	<hr/>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

#### Revaluation reserve

Where tangible fixed assets are revalued or reclassified as investment property, the cumulative increase in the fair value of the property at the date of reclassification in excess of any previous impairment losses is included in the revaluation reserve.

### 19 Pension scheme

The pension cost charge for the period represents contributions payable by the Company to the fund and amounted to £51,000 (2015: £48,000). There were prepaid contributions at the end of the financial year of £nil (2015: £nil).

### 20 Ultimate parent company and parent undertaking of larger group of which the Company is a member

The Company's immediate parent undertaking is Stoke Park Club Limited and the ultimate parent undertaking is International Group Limited, both of which are incorporated in the UK. The Company is controlled by International Group Limited which controls 100% of the Company's voting rights.

There is no ultimate controlling party as RM King, HM King, WM King and CM King each own 25% of the ordinary share capital in the ultimate parent company.

The largest and smallest group in which the results of the Company are consolidated is International Group Limited. The consolidated financial statements of International Group Limited, within which this Company is included can be obtained from Stoke Park, Park Road, Stoke Poges, Bucks, SL2 4PG.

## Notes (continued)

### 21 Related Parties

Stoke Park have a trading debtor balance with International Group Limited. This is repayable on demand.

In 2015, Stoke Park had loans with International Group Limited. This was settled as part of the restructuring (see note 16 for further details).

#### Other related party transactions

	Sales 2016 £000	Sales 2015 £000
International Group Management Limited – royalty charges	375	503

International Group Management Limited is wholly owned by International Group Limited. The royalty agreement between the Company and IGM was terminated during the year, with effect from 1 October 2016.

	Receivables outstanding 2016 £000	2015 £000	Payables outstanding 2016 £000	2015 £000
International Group Limited	3,007	-	-	10,448

### 22 Contingent liabilities

For the prior year the Company had entered into a composite cross guarantee arrangement with other group companies to guarantee overdrafts and loans provided by third parties. The composite cross guarantee arrangement ended on the 29<sup>th</sup> July 2016 as part of the refinancing set out in note 16. The amounts outstanding at the end of the year were:

	2016 £000	2015 £000
Stoke Park Estates	-	10,750
	-	10,750

At the year end the Company had no unprovided capital commitments (2015: £nil).

### 23 Subsequent events

In January 2018, the Company completed a short term loan facility for £3.7 million with HSBC Bank plc with a maturity date of 31 March 2018. Also refer to note 1.