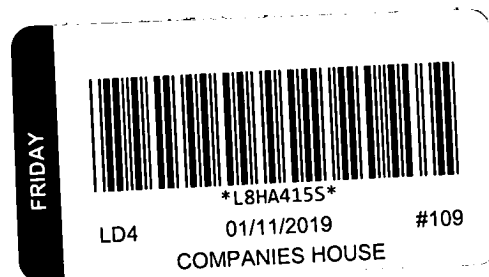


**Stoke Park Limited**

**Directors' Report and financial  
Statements**

Registered number 02732069  
For the year ended 31 December 2018



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## **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

### **Auditor**

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 2018.

### 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.

### Impact of Brexit

The Company has assessed the likely impact of Brexit to be minimal in the longer term and any short-term disruption to supplies can be managed by working with our supply chain.

### Results and performance

As shown in the Company's profit and loss account on page 8, the Company's turnover has reduced by 2% over the prior year and the Company reported total comprehensive loss in the current year of £6,358,000 (2017 loss: £588,000) inclusive of a loss of £5,443,000 (2017: £nil) on fair valuation of its leasehold property and a charge of £216,000 (2017: £nil) arising as a result of amortised cost adjustment on the term loan.

The balance sheet on page 9 of the financial statements shows the Company's financial position at the year-end. Significant events since the balance sheet date which should be considered for a proper understanding of these financial statements are set out in Note 22.

### 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

H.M. King  
HM King  
Director

Stoke Park  
Park Road  
Stoke Poges  
SL2 4PG  
30 October 2019

## Directors' Report

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

### Proposed dividend

The directors do not recommend the payment of a dividend (2017: £nil).

### Directors

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

RM King (Chairman)  
HM King  
WM King  
CM King

### Employees

It is the Company's policy to provide employees with information concerning their roles and responsibilities. This policy is to ensure opportunities are available at every level to improve employees' and corporate performance. Regular meetings are held which involve directors, managers and staff.

### Employee development and equal opportunities

The Company is committed to ensuring it recruits and promotes the right people regardless of gender, disability, age, sexual orientation or race, and is committed to a culture of meritocracy whereby career progression is based on ability. It facilitates opportunity for all employees to progress and regularly reviews policies and practices. It regards its people as its most valuable asset and is committed to investing in them to achieve their full potential, without discrimination.

People with disabilities are given equal opportunity wherever they can fulfil the requirements of the job. If an employee becomes disabled during their employment with the Company every reasonable effort is made to enable them to continue their career within the Company.

### Political and charitable contributions

The Company made £130 (2017: £460) of charitable contributions and no political donations (2017: £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

M. H. King

HM King  
Director

Stoke Park  
Park Road  
Stoke Poges  
SL2 4PG

30 October 2019

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 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 judgements 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## KPMG LLP

58 Clarendon Road  
Watford Hertfordshire  
WD17 1DE  
United Kingdom

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STOKE PARK LIMITED

#### Opinion

We have audited the financial statements of Stoke Park Limited ("the company") for the year ended 31 December 2018 which comprise the profit and loss account and other comprehensive income, balance sheet, statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

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

#### The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as valuation of properties and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

#### Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STOKE PARK LIMITED (continued)**

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

### **Strategic report and directors' report**

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

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

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; 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**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

### **Directors' responsibilities**

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

### **Auditor's responsibilities**

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STOKE PARK LIMITED**  
**(continued)**

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

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

*David BurrIDGE*

*30 October 2019*

**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 2018*

	<i>Note</i>	<b>2018</b> <b>£000</b>	2017 £000
<b>Turnover</b>	2	15,004	15,313
Cost of sales		<u>(2,413)</u>	<u>(2,296)</u>
<b>Gross profit</b>		12,591	13,017
Administrative expenses		<u>(12,036)</u>	<u>(12,178)</u>
Operating profit		555	839
(Loss) / profit on sale of fixed asset		-	(12)
Interest payable and similar expenses	7	<u>(1,470)</u>	<u>(1,115)</u>
<b>Loss before tax</b>	4	(915)	(288)
Taxation	8	-	(300)
<b>Loss after tax for the financial year</b>		(915)	(588)
<b>Other comprehensive loss</b>			
Revaluation loss		<u>(5,443)</u>	<u>-</u>
<b>Total other comprehensive loss for the financial year, net of income tax</b>		<u>(5,443)</u>	<u>-</u>
<b>Total Comprehensive loss for the financial year</b>		<u>(6,358)</u>	<u>(588)</u>

The above results were derived solely from continuing operations.

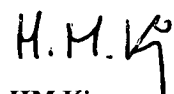
Notes from pages 11 to 26 form a part of these financial statements

**Balance Sheet**  
*At 31 December 2018*

	<i>Note</i>	<b>2018</b>	<b>2017</b>
		£000	£000
<b>Fixed assets</b>			
Intangible assets	9	13	19
Tangible assets	10	56,719	62,769
Investment property	11	-	-
		<u>56,732</u>	<u>62,788</u>
<b>Current assets</b>			
Stocks	12	339	399
Debtors	13	7,536	6,543
Cash at bank and in hand		333	328
		<u>8,208</u>	<u>7,270</u>
<b>Creditors: amounts falling due within one year</b>	14	<u>(18,195)</u>	<u>(8,189)</u>
<b>Net current liabilities</b>		<u>(9,987)</u>	<u>(919)</u>
<b>Total assets less current liabilities</b>		<b>46,745</b>	<b>61,869</b>
<b>Creditors: amounts falling due after more than one year</b>	15	<u>(24,890)</u>	<u>(33,656)</u>
<b>Net assets</b>		<u>21,855</u>	<u>28,213</u>
<b>Capital and reserves</b>			
Called up share capital	17	1	1
Revaluation reserve	17	31,230	36,673
Profit and loss account		<u>(9,376)</u>	<u>(8,461)</u>
<b>Shareholder's funds</b>		<u>21,855</u>	<u>28,213</u>

Notes from pages 11 to 26 form a part of these financial statements

These financial statements were approved by the board of directors on 30 October 2019 and were signed on behalf by:



**HM King**  
*Director*

Registered number 2732069

**Statement of Changes in Equity**  
*For the year ended 31 December 2018*

	<b>Called up share capital</b>	<b>Revaluation reserve</b>	<b>Fair value reserve</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
At January 2017	1	36,673	-	(7,873)	28,801
loss for the year	-	-	-	(588)	(588)
Other comprehensive income	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2017	1	36,673	-	(8,461)	28,213
Loss for the year	-	-	-	(915)	(915)
Other comprehensive loss	-	(5,443)	-	-	(5,443)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 December 2018</b>	<b>1</b>	<b>31,230</b>	<b>-</b>	<b>(9,376)</b>	<b>21,855</b>

Notes from page 11 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.

#### ***Going concern***

Notwithstanding the company's net current liabilities at 31 December 2018 of £10m (2017: £0.9m) and a loss for the year then ended of £0.9m (2017: £0.6m), these financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

At the reporting date, the company has a five year term loan with an outstanding balance of £33.3m of which £8.9m is due for repayment within a period of twelve months. In addition, the company has a short term loan of £3.7m and bank overdraft of £1.3m at the balance sheet date. Furthermore, as explained in note 15, during the year, the financial covenants attached to the term loan referred above were breached. However, the bank formally waived its rights arising from a breach of covenants in December 2018 and agreed to reset the financial covenants to more favorable terms.

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 as well as obtaining additional financial support, as required, from the ultimate parent company, including to make the loan repayments set out above. International Group Limited has indicated its intention to continue to make available such funds as are needed by the company for a period of at least twelve months from the date of approval of these financial statements. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Subsequent to the year end, the company has repaid terms loan instalments to the extent of £8.8m as well as fully settled the bank overdraft of £1.3m. These repayments have been made from advance payments collected by a fellow group entity of £15.9m in respect of long term contracts being undertaken by that entity for construction of three hospitals in an overseas jurisdiction. In addition, the same group entity has also received an amount of £5.2m overdue on another long term contract for construction of a hospital in another overseas jurisdiction.

The short-term loan of £3.7m has been extended by the bank up to end of November 2019 and is planned to be settled from share of the proceeds of the voluntary liquidation of a joint venture property interest held by another fellow group entity amounting to approximately £4.2m which is expected to be collected in the last quarter of 2019.

## Notes (continued)

### 1 Accounting policies (continued)

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

#### *Going concern (continued)*

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared these financial statements on a going concern basis.

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 19. 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.

#### *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.

#### *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.

## Notes (continued)

### 1 Accounting policies (continued)

#### **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 is stated at fair value less any subsequent accumulated depreciation and impairment losses.

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 20 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.

#### **Revaluation**

As stated above, long leasehold property is stated at fair value less any subsequent accumulated depreciation and impairment losses.

Gains on revaluation are recognised in other comprehensive income and accumulated in a revaluation reserve within equity. However, the increase is recognised in profit or loss to the extent that it reverses a revaluation decrease previously recognised in profit or loss.

Losses arising on revaluation are recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity, in respect of that asset. Any excess is recognised in profit or loss.

## 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.

#### **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.

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.

#### *Accounting estimate and judgement*

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### *Key sources of estimation uncertainty*

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

- Going concern assumption (refer note 1 above)
- Valuation of leasehold property

### 2 Segmental information

In the opinion of the directors, turnover and the (loss) / 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 £17,000 is attributable to barter transactions recognised during year (2017: £15,000).

### 4 Expenses and auditor's remuneration

	2018 £000	2017 £000
<i>Profit/loss is stated after charging/(crediting):</i>		
Audit of these financial statements	26	26
Amortisation of intangible assets	6	8
Depreciation of owned tangible assets	568	634
Depreciation of leased assets	555	623
Hire of plant and machinery	-	5
Loss on sale of fixed asset	-	12
	<hr/>	<hr/>

## Notes (continued)

### 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. The notional allocation of the costs to the company for this service was £113,000 (2017: £108,000).

### 6 Staff numbers and costs

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

	Number of employees 2018	2017
Management	8	8
Administration	41	40
Operational	203	206
	<u>252</u>	<u>254</u>

The aggregate payroll costs of these persons were as follows:

	2018 £000	2017 £000
Wages and salaries	5,302	5,157
Social security costs	514	513
Other pension costs	100	68
	<u>5,916</u>	<u>5,738</u>

### 7 Interest payable and similar expenses

	2018 £000	2017 £000
Interest on bank loans and overdrafts	1,423	1,072
Interest payable on finance leases	41	24
Other interest payable	6	19
	<u>1,470</u>	<u>1,115</u>

## Notes (continued)

### 8 Taxation

	2018 £000	2017 £000
<i>Current tax</i>		
Current UK tax on income for the year	-	-
Total current tax	<u>-</u>	<u>-</u>
<i>Deferred tax</i>		
- current year	-	-
- prior year	-	300
Total deferred tax	<u>-</u>	<u>300</u>
Total tax	<u>-</u>	<u>300</u>

#### Reconciliation of effective tax rate

The total tax expense for the year is higher (2017: higher) than the standard rate of corporation tax in the UK: 19.00% (2017: 19.25%). The differences are explained below:

	2018 £000	2017 £000
<i>Total tax reconciliation</i>		
Loss before tax	<u>(915)</u>	<u>(288)</u>
Tax using the UK Corporation tax of 19.00% (2017: 19.25%)	(174)	(55)
Effects of:		
Difference between depreciation and capital allowances	50	53
Adjustment in respect of prior years	-	300
Other short-term timing differences	-	2
Effect of change in tax rate	18	-
Tax losses carried forward	106	-
Total tax expense (see above)	<u>-</u>	<u>300</u>

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

In 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 2018 has been calculated based on the rates of 17% substantively enacted at the balance sheet date.

## Notes (continued)

### 9 Intangible assets

	Computer software £000	Total £000
<b>Cost</b>		
At beginning of the year	81	81
Additions	-	-
At end of the year	<u>81</u>	<u>81</u>
<b>Amortisation</b>		
At beginning of the year	62	62
Charge for the year	6	6
At end of the year	<u>68</u>	<u>68</u>
<b>Net book value</b>		
At 31 December 2018	<u>13</u>	<u>13</u>
At 31 December 2017	<u>19</u>	<u>19</u>

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

## Notes (continued)

### 10 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 the year	59,973	4,878	4,580	166	69,597
Additions	318	142	63	-	523
Disposals	-	(98)	-	(72)	(170)
Revaluations	(7,170)	-	-	-	(7,170)
At end of the year	<u>53,121</u>	<u>4,922</u>	<u>4,643</u>	<u>94</u>	<u>62,780</u>
<b>Depreciation</b>					
At beginning of the year	1,173	3,397	2,131	127	6,828
Charge for year	554	370	176	23	1,123
On disposals	-	(98)	-	(64)	(162)
Revaluations	(1,727)	-	-	-	(1,727)
At end of the year	<u>-</u>	<u>3,678</u>	<u>2,307</u>	<u>76</u>	<u>6,061</u>
<b>Net Book Value</b>					
At 31 December 2018	<u>53,121</u>	<u>1,244</u>	<u>2,336</u>	<u>18</u>	<u>56,719</u>
At 31 December 2017	<u>58,800</u>	<u>1,481</u>	<u>2,449</u>	<u>39</u>	<u>62,769</u>

The cost of fixtures and fittings includes £1,700,000 (2017: £1,700,000) of assets which are not subjected to depreciation. Included within long leasehold property and leasehold improvements is long leasehold land of £401,000 (2017: £401,000) which is not subject to depreciation.

Included within plant and machinery are assets held under finance leases with a cost of £294,000 (2017: £640,000) and a net book value of £126,000 (2017: £324,000). Depreciation of £50,000 (2017: £129,000) 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)

### 10 Tangible fixed assets (continued)

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

	2018 £000	2017 £000
At existing use value		
11 January 2019 / 22 February 2016 - Full valuation	55,000	62,000
Less: non-leasehold assets included within 2019 / 2016 revaluations remaining at cost	(1,879)	(2,724)
Additions thereon	-	697
Aggregate depreciation thereon	-	(1,173)
	<u>53,121</u>	<u>58,800</u>
Net book value		
Historical cost of revalued assets	29,168	28,850
Aggregate depreciation thereon	(6,433)	(6,141)
	<u>22,735</u>	<u>22,709</u>
Historical cost net book value		

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 at 11 January 2019 at £55 million. The fair value was measured using the discounted cash flow method. Key assumptions of this calculation include sustainable EBITDA for the next five years, exit yield and appropriate discount rate.

The valuation was performed by M. Churchouse MRICS of CBRE Limited, Chartered Surveyors. The valuation was 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 certain non-leasehold assets noted above 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.

The tax liability that would arise if these property assets were realised at the revalued amounts included above is shown in note 16.

### 11 Investment property

	2018 £000	2017 £000
Balance at beginning of the year	-	2,503
Transfer to group company	-	(2,503)
	<u>-</u>	<u>-</u>
Net book value		
	<u>-</u>	<u>-</u>



## Notes (continued)

### 11 Investment property (continued)

Investment property in the prior year comprised a freehold title located at Stoke Poges, Buckinghamshire adjacent to Stoke Park, which was acquired by the company during 2016. This property was transferred to Stoke Park Estates, a fellow group entity, at book value in March 2017, upon completion of the formalities in connection with the transfer of the legal title, along with the related deferred tax liability of £382,000.

### 12 Stocks

	2018 £000	2017 £000
Finished goods and goods for resale	339	399
	<u>339</u>	<u>399</u>

### 13 Debtors

	2018 £000	2017 £000
Trade debtors	334	601
Other debtors	152	255
Amounts owed by group undertakings	6,803	5,436
Prepayments and accrued income	247	251
	<u>7,536</u>	<u>6,543</u>

## Notes (continued)

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

	2018 £000	2017 £000
Bank loan and overdrafts	14,237	3,507
Obligations under finance leases	45	99
Trade creditors	996	1,645
Taxation and Social Security	364	481
Other creditors	370	442
Accruals and deferred income	2,183	2,015
	<u>18,195</u>	<u>8,189</u>

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

	2018 £000	2017 £000
Bank loan	24,852	33,606
Obligations under finance leases	38	50
	<u>24,890</u>	<u>33,656</u>

#### Analysis of debt:

	2018 £000	2017 £000
Debt can be analysed as falling due:		
Within one year	14,237	3,507
In two to five years	24,852	33,606
	<u>          </u>	<u>          </u>

On 29 July 2016, the Company entered into a £35.8 million facility with HSBC. This facility is due for repayment in instalments over a five-year period up to the expiry date of 30 June 2021 with quarterly repayments of £0.3 million since June 2017. The loan carries interest at Sterling LIBOR plus 2.25 percent. 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.

In December 2018 the Company agreed to amended terms with HSBC whereby the loan would be reduced during 2019 by a one-off repayment of £8 million, in two equal tranches to be paid in May and August 2019 respectively. The quarterly repayments would then reduce to £125,000 with the remaining balance of £24 million repayable on 30 June 2021. Subsequent to year end, the Company has completed the £8 million repayment.

The loan agreements requires the Company to comply with certain financial covenants. During the year, on 31 March 2018 and at each subsequent quarter ends, the Company breached the covenants in relation to interest cover and cash flow cover. However, in December 2018, the bank agreed to waive its rights in relation the above breaches and has reset the financial covenants at more favourable terms. Also refer note 1.

On 15 January 2018 the Company entered into a £3,700,000 loan facility with HSBC. This facility is due for repayment on receipt of funds to be distributed from the voluntary liquidation of a joint venture undertaking of a fellow group entity. The loan carries interest at Sterling LIBOR plus 3.0 percent.

During 2018 HSBC extended overdraft facilities to the Company for £1,300,000. This facility carries interest at 6.96%. Subsequent to the year end this facility was fully repaid.

## Notes (continued)

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

The maturity of obligations under finance leases is as follows:

	2018 £000	2017 £000
Within one year	45	99
Within two to five years	<u>38</u>	<u>50</u>
	<u>83</u>	<u>149</u>

### 16 Deferred taxation

During the prior year a deferred tax provision of £382,000 was recorded by the company in respect of the cumulative gain recognised on the fair valuation of the investment property. This provision was transferred by the company to Stoke Park Estates, a group entity upon the transfer of the underlying property. Refer to note 11.

As at the balance sheet date a further deferred tax liability of £253,000 (2017: £409,000) has arisen from the normal trading activities of the Company. No provision has been recognised in view of the availability of tax losses across other group entities to offset this liability.

The elements of deferred taxation are as follows:

	2018 £000	2017 £000
Difference between accumulated depreciation and capital allowances	(1,850)	(1,900)
Tax losses carried forward	<u>1,597</u>	<u>1,491</u>
	<u>(253)</u>	<u>(409)</u>

### 17 Capital and reserves

#### Called up share capital

	2018 £000	2017 £000
<i>Allotted, called up and fully paid</i>		
1000 ordinary shares of £1 each	<u>1</u>	<u>1</u>
Shares classified as shareholder's equity	<u>1</u>	<u>1</u>

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.

## **Notes** *(continued)*

### **18 Pension scheme**

The pension cost charge for the period represents contributions payable by the Company to the fund and amounted to £100,000 (2017: £68,000). There were no prepaid or outstanding contributions at either the beginning or the end of the financial year (2017: nil).

### **19 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

### **20 Related party transactions**

The company is controlled by International Group Limited, the ultimate parent undertaking, which controls 100% of the company's voting rights. The company has a trading debtor balance with International Group Limited, which is repayable on demand.

### **21 Commitments**

At the end of the financial year the Company had no unprovided capital commitments (2017: nil).

### **22 Subsequent events**

During 2019 the Company has repaid overdraft facilities of £1,300,000 provided by HSBC and reduced its long-term loan from HSBC by £8,000,000. Also refer to note 1.