

Stoke Park Limited

**Directors' Report and financial
statements**

Registered number 02732069

For the year ended 31 December 2017

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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

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 2017.

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 reduced by 4% over the prior year and the Company reported a loss before taxation in the current year of £288,000 (*2016 profit: £1,667,000 profit*) inclusive of a gain of £nil (*2016: £2,198,000*) on fair valuation of an investment property and a charge of £nil (*2016: £1,033,000*) 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
SL2 4PG

11 January 2019

Directors' Report

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

Proposed dividend

The directors do not recommend the payment of a dividend (2016: *£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 £460 (2016: *£6,100*) of charitable contributions and no political donations (2016: *£nil*) during the year.

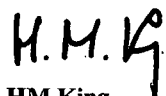
Disclosure of information to auditor

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
SL2 4PG

11 January 2019

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 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 2017 which comprise the profit and loss account and other comprehensive income, balance sheet, statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, 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.

Material uncertainty related to going concern

We draw attention to note 1 to the financial statements which indicates that given the impending cash flow requirements and outstanding liabilities, the company is dependent on financial support from its ultimate parent company. The availability of such financial support depends on the ability of the ultimate parent company to generate sufficient funds either directly or through group entities by selling their assets, or other means including obtaining milestone payments on contracts signed during 2018 for which the contract employer is currently in the process of arranging the necessary project finance to enable the commencement of the main contract works. These events and conditions, along with the other matters explained in note 1, constitute a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

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

Matters on which we are required to report by exception

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

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

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.

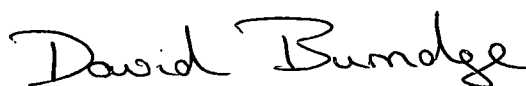
Auditor's responsibilities

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.

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.



11 January 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 2017

	<i>Note</i>	2017 £000	2016 £000
Turnover	2	15,313	15,919
Cost of sales		(2,296)	(2,418)
		<hr/>	<hr/>
Gross profit		13,017	13,501
Administrative expenses		(12,178)	(12,016)
		<hr/>	<hr/>
Operating profit		839	1,485
(Loss) / profit on sale of fixed asset		(12)	13
Change in fair value of investment property	<i>12</i>	-	2,198
Other gains and losses	<i>7</i>	-	113
Interest payable and similar expenses	<i>8</i>	(1,115)	(2,142)
		<hr/>	<hr/>
(Loss) / profit before tax	<i>4</i>	(288)	1,667
Taxation	<i>9</i>	(300)	(82)
		<hr/>	<hr/>
(Loss) / profit for the financial year		(588)	1,585
		<hr/>	<hr/>
Other comprehensive income			
Revaluation gain		-	5,822
		<hr/>	<hr/>
Other comprehensive income for the financial year net of income tax		-	5,822
		<hr/>	<hr/>
Total comprehensive (loss) / income for the financial year		(588)	7,407
		<hr/>	<hr/>

The above results were derived solely from continuing operations.

Notes from pages 10 to 25 form a part of these financial statements

Balance Sheet
at 31 December 2017

	Note	2017	2016
		£000	£000
Fixed assets			
Intangible assets	10	19	15
Tangible assets	11	62,769	63,319
Investment property	12	-	2,503
		62,788	65,837
Current assets			
Stocks	13	399	353
Debtors	14	6,543	4,165
Cash at bank and in hand		328	6
		7,270	4,524
Creditors: amounts falling due within one year	15	(8,189)	(6,647)
Net current liabilities		(919)	(2,123)
Total assets less current liabilities		61,869	63,714
Creditors: amounts falling due after more than one year	16	(33,656)	(34,913)
Net assets		28,213	28,801
Capital and reserves			
Called up share capital	18	1	1
Revaluation reserve	18	36,673	36,673
Fair value reserve		-	-
Profit and loss account		(8,461)	(7,873)
Shareholder's funds		28,213	28,801

Notes from pages 10 to 25 form a part of these financial statements

These financial statements were approved by the board of directors on 11 January 2019 and were signed on behalf by:


HM King
Director

Registered number 2732069

Statement of Changes in Equity
for the year ended 31 December 2017

	Called up share capital £000	Revaluation reserve £000	Fair value reserve £000	Profit and loss account £000	Total equity £000
At 1 January 2016	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	-	-	(1,033)	1,033	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2016	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
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Notes from pages 10 to 25 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 of £919,000 (2016: £2,123,000), these financial statements have been prepared on a going concern basis.

The company has a long term loan from a bank with a face value, at the date of this report, amounting to £33.6 million (£34.9 million as at 31 December 2017). Subsequent to the year end, financial covenants attaching to that loan, were breached. In addition, the company has an overdraft of £1.2 million (£2 million as at 31 December 2017) from the same bank under two different short term facilities which are due for repayment on 31 March 2019 and 30 June 2019 respectively. Pursuant to the negotiations held by the company with its principal bankers, the company has obtained a written confirmation from the bank to waive off their rights arising under the loan agreement as a result of the breach. Moreover, the bank has also formally agreed to reset more favourable covenant tests and to reduce the quarterly principal payments on the long term loan. However, the bank has required a reduction in the level of loan balance of £8m in two tranches over the next twelve months and the repayment of the short term facilities mentioned above to enable the bank to reduce their exposure.

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 loan repayments set out above. The ultimate 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 indication 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 and such additional payments 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 ultimate 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 as explained below.

In addition to the loan balances mentioned above, the group has additional loans of £5.2 million (£0.5 million as at 31 December 2017) under two separate short term facilities mentioned above of £2.7 million and £3.7 million from the same bank which are due for repayment by 31 March 2019 and 30 June 2019 respectively. Furthermore, at the date of this report, the group also has a 12 month loan of £3.5m from an external financial institution (£2.7M with a different financial institution as at 31 December 2017) which is due to be repaid by June 2019. No formal agreement has been obtained to extend this loan further as the group expects to generate alternative funds as a result of the matters set out below which would allow for this loan to be repaid.

Notes (continued)

1 Accounting policies (continued)

Basis of preparation (continued)

Going concern (continued)

The repayments of loan balances mentioned above are expected to be made from cash flows to be generated from the sources mentioned in the following paragraph. Progress against these matters is ongoing, but there can be no certainty that individually or collectively such actions will be completed within the timetable acceptable to the group's bankers. The matters currently being actively pursued by the directors to generate additional funds for loan repayments and working capital support include:

- collecting balance payment of £2.6m (following receipt of £2.8m in January 2019) from an overseas Government which is overdue on an overseas long term contract;
- collecting its share from the voluntary liquidation of a joint venture property interest which is expected to amount to approximately £4m - 4.5m;
- securing milestone payments on overseas long term contracts which have a combined value of approximately £530m and are expected to financially close in the first quarter of 2019; and
- selling substantial property interests held directly or indirectly under their ownership;

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. 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 represent a material uncertainty that may cast significant doubt on the ability of the company 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 will have 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.

Notes (continued)

1 Accounting policies (continued)

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
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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.

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.

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 £15,000 is attributable to barter transactions recognised during the year (2016: £2,000).

4 Expenses and auditor's remuneration

	2017 £000	2016 £000
<i>Profit/loss is stated after charging/(crediting):</i>		
Audit of these financial statements	26	26
Amortisation of intangible assets	8	6
Depreciation of owned tangible assets	634	1,121
Depreciation of leased assets	623	220
Hire of plant and machinery	5	8
Loss/(profit) on sale of fixed asset	12	(13)
	<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. The notional allocation of costs to the Company for this service was £108,000 (2016: £64,000).

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:

	Number of employees	
	2017	2016
Management	8	8
Administration	40	40
Operational	206	206
	<hr/>	<hr/>
	254	254
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	2017	2016
	£000	£000
Wages and salaries	5,157	5,244
Social security costs	513	498
Other pension costs	68	51
	<hr/>	<hr/>
	5,738	5,793
	<hr/>	<hr/>

7 Other gains and losses

	2017	2016
	£000	£000
Gain due to termination of derivative financial instruments	-	113
	<hr/>	<hr/>
	-	113
	<hr/>	<hr/>

8 Interest payable and similar expenses

	2017	2016
	£000	£000
Interest on bank loans and overdrafts	1,072	982
Interest payable on finance leases	24	34
Unwind of discount on settlement of intercompany loan	-	1,033
Other interest payable	19	93
	<hr/>	<hr/>
	1,115	2,142
	<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

	2017 £000	2016 £000
<i>Current tax</i>		
Current UK tax on income for the year	-	-
Total current tax	-	-
<i>Deferred tax</i>		
- Current year	-	82
- Prior year	300	-
Total deferred tax	300	82
Total tax	300	82

Reconciliation of effective tax rate

The total tax expense for the year is higher (2016: lower) than the standard rate of corporation tax in the UK 19.25%, (2016: 20%). The differences are explained below:

	2017 £000	2016 £000
<i>Total tax reconciliation</i>		
(Loss) / profit before tax	(288)	1,667
Tax using the UK corporation tax rate of 19.25% (2016: 20%)	(55)	333
<i>Effects of:</i>		
Income not taxable for tax purposes	-	(439)
Expenses not deductible for tax purposes	-	207
Difference between depreciation and capital allowances	53	(17)
Adjustment in respect of prior years	300	-
Other short-term timing differences	2	(2)
Total tax expense (see above)	300	82

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 2017 has been calculated based on the rates of 17% substantively enacted at the balance sheet date.

Notes (continued)

10 Intangible assets

	Computer software	Total
	£000	£000
<i>Cost</i>		
At beginning of year	69	69
Additions	12	12
	<hr/>	<hr/>
At end of year	81	81
	<hr/>	<hr/>
<i>Amortisation</i>		
At beginning of year	54	54
Charge for the year	8	8
	<hr/>	<hr/>
At end of year	62	62
	<hr/>	<hr/>
<i>Net book value</i>		
At 31 December 2017	19	19
	<hr/>	<hr/>
At 31 December 2016	15	15
	<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
Cost or valuation					
At beginning of year	59,594	4,933	4,569	131	69,227
Addition	415	218	92	35	760
Disposals	(36)	(273)	(81)	-	(390)
Revaluations	-	-	-	-	-
At end of year	<u>59,973</u>	<u>4,878</u>	<u>4,580</u>	<u>166</u>	<u>69,597</u>
Depreciation					
At beginning of year	586	3,266	1,971	85	5,908
Charge for year	623	395	197	42	1,257
On disposals	(36)	(264)	(37)	-	(337)
Revaluations	-	-	-	-	-
At end of year	<u>1,173</u>	<u>3,397</u>	<u>2,131</u>	<u>127</u>	<u>6,828</u>
Net book value					
At 31 December 2017	<u>58,800</u>	<u>1,481</u>	<u>2,449</u>	<u>39</u>	<u>62,769</u>
At 31 December 2016	<u>59,008</u>	<u>1,667</u>	<u>2,598</u>	<u>46</u>	<u>63,319</u>

The cost of fixtures and fittings includes £1,700,000 (2016: £1,744,000) of assets which are not subject to depreciation. Included within long leasehold property and leasehold improvements is long leasehold land of £931,000 (2016: £931,000) which is not subject to depreciation.

Included within plant and machinery are assets held under finance leases with a cost of £640,000 (2016: £1,109,000), accumulated depreciation of £324,000 (2016: £618,000) and a net book value of £324,000 (2016: £491,000). Depreciation of £129,000 (2016: £220,000) 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

	2017 £000	2016 £000
At existing use value		
22 February 2016 / 1 January 2012 – Full valuation	62,000	62,000
Less non-leasehold assets included within 2016 valuation remaining at cost	(2,724)	(2,724)
Additions thereon	697	318
Aggregate depreciation thereon	(1,173)	(586)
Net book value	<u>58,800</u>	<u>59,008</u>
Historical cost of revalued assets	28,850	28,471
Aggregate depreciation thereon	(6,141)	(5,856)
Historical cost net book value	<u>22,709</u>	<u>22,615</u>

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

	2017 £000	2016 £000
Balance at beginning of the year	2,503	-
Additions	-	305
Transfer to group company	(2,503)	
Net gain from fair value adjustments	<u>-</u>	<u>2,198</u>
Net book value	<u>-</u>	<u>2,503</u>

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 prior year. 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 transfer of legal title, along with the related deferred tax liability of £382,000.

At the prior year end, this property, along with two adjacent properties owned by Stoke Park Estates, were remeasured to fair value based on a professional valuation carried out using the residual value method. Key assumptions of this calculation included 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 as at 30 January 2017. The valuation was in accordance with the RICS Statements of Asset Valuation Practice and Guidance Notes.

The total gain on fair valuation of investment property as determined above was then allocated between the company and Stoke Park Estates in proportion to the square footage of the property held within each entity.

13 Stocks

	2017 £000	2016 £000
Finished goods and goods for resale	399	353
Consumables	-	-
	<u>399</u>	<u>353</u>

14 Debtors

	2017 £000	2016 £000
Trade debtors	601	624
Other debtors	255	343
Amounts owed by group undertakings	5,436	3,007
Prepayments and accrued income	251	191
	<u>6,543</u>	<u>4,165</u>

All debtors are due within one year.

Notes (continued)

15 Creditors: amounts falling due within one year

	2017 £000	2016 £000
Bank loan and overdrafts	3,507	2,003
Obligations under finance leases	99	207
Trade creditors	1,645	956
Taxation and social security	481	442
Other creditors	442	391
Accruals and deferred income	2,015	2,648
	<u>8,189</u>	<u>6,647</u>

16 Creditors: amounts falling due after more than one year

	2017 £000	2016 £000
Bank loans	33,606	34,755
Obligations under finance leases	50	76
Deferred tax	-	82
	<u>33,656</u>	<u>34,913</u>

Analysis of debt:

	2017 £000	2016 £000
Debt can be analysed as falling due:		
Within one year	3,507	2,003
In two to five years	33,606	34,755
In five years and above	-	-
	<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 30 June 2021. The first installment of £0.3m was paid on 30 June 2017, and subsequent instalments are payable thereafter every quarter up to 31 March 2021 with a balloon payment of £30.4m at the expiry date of 30 June 2021. The long term loan carries interest at *libor* plus 2.25 per cent margin. 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 loan agreement requires the company to comply with certain financial covenants. As at 31 December 2017, the company was in compliance with such covenants. Subsequent to the year end, at 31 March 2018 and thereafter, the company has breached the covenants in relation to interest cover and cashflow cover. Refer to Note 1.

Notes (continued)

16 Creditors: amounts falling due after more than one year (cont.)

The maturity of obligations under finance leases is as follows:

	2017 £000	2016 £000
Within one year	99	207
In the second to fifth years	50	76
	<u>149</u>	<u>283</u>

17 Deferred taxation

A deferred tax provision of £382,000 was recorded by the company in respect of the cumulative gain recognized 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 note 12.

A further deferred tax liability of £409,000 has arisen at the balance sheet date in relation to the normal trading activities of the company. No provision has been recognized in view of the availability of tax losses across other group entities to offset this liability.

The elements of deferred taxation are as follows:

	2017 £000	2016 £000
Difference between accumulated depreciation and capital allowances	(1,900)	(1,951)
Tax losses carried forward	1,491	2,033
	<u>409</u>	<u>82</u>

18 Capital and reserves

Called up share capital

	2017 £000	2016 £000
<i>Allotted, called up and fully paid</i>		
1,000 ordinary shares of £1 each	1	1
	<u>1</u>	<u>1</u>
Shares classified in 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)

19 Pension scheme

The pension cost charge for the period represents contributions payable by the Company to the fund and amounted to £68,000 (2016: £51,000). There were prepaid contributions at the end of the financial year of £nil (2016: £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.

21 Related Parties

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

Other related party transactions

	Sales 2017 £000	Sales 2016 £000
International Group Management Limited – royalty charges	-	375

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

	Receivables outstanding 2017 £000	2016 £000	Payables outstanding 2017 £000	2016 £000
International Group Limited	5,436	3,007	-	-

22 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, which has subsequently been extended to 30 June 2019. Since August 2018 the Company has access to overdraft facilities up to £2.7m provided by HSBC Bank plc to the group, this facility is due to expire by 31 March 2019 and as at December 2018 utilisation of this facility by the Company was £1.3m