

**CAPINVEST SERVICES LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2016**



## **CAPINVEST SERVICES LIMITED**

### **COMPANY INFORMATION**

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<b>Directors</b>	J M Cid K P Machefert S A Moura Reis J Trachsel
<b>Registered number</b>	02940234
<b>Registered office</b>	Fourth Floor 20 Margaret Street London England W1W 8RS
<b>Independent auditors</b>	Endor Consultants LLC Chartered Certified Accountants and Registered Auditors First Floor 18 - 20 North Quay Douglas Isle of Man IM1 4LE
<b>Bankers</b>	Barclays Bank Plc 38 Hans Crescent Knightsbridge London United Kingdom SW1X 0LZ

# **CAPINVEST SERVICES LIMITED**

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## **CAPINVEST SERVICES LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016**

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

#### **Directors' responsibilities statement**

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

#### **Principal activity**

The principal activity of the Company is that of investment holding.

#### **Results and dividends**

The loss for the year, after taxation, amounted to €2,042,573 (2015 - loss €12,247,667).

No dividends have been declared or paid during the current and previous financial years.

#### **Directors**

The directors who served during the year were:

J M Cid  
K P Machefert  
S A Moura Reis  
J Trachsel

The directors did not hold any interest in the issued share capital of the company during the current and previous financial periods.

**CAPINVEST SERVICES LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

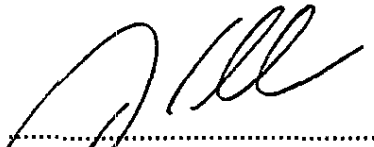
**Post balance sheet events**

There have been no significant events affecting the Company since the year end.

**Auditors**

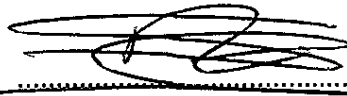
The auditors, Endor Consultants LLC, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



.....  
J Tracssel  
Director

Date: 21/12/2017



.....  
S A Moura Reis  
Director

Date: 21/12/2017

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CAPINVEST SERVICES LIMITED**

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We have audited the financial statements of Capinvest Services Limited for the year ended 31 December 2016, set out on pages 5 to 17. The relevant financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

**Respective responsibilities of Directors and Auditors**

As explained more fully in the Directors' responsibilities statement on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Basis for disclaimer of opinion on financial statements**

Included within fixed asset investments and debtors falling due within one year are an investment in SAS Aglae stated at €102,380 and a loan to SAS Siam stated at €1,701,642 respectively.

There are no audited financial statements available for SAS Aglae and SAS Siam. Consequently, we have been unable to obtain sufficient appropriate audit evidence to support the value of fixed asset investments of €102,380 and we have been unable to determine whether debtors falling due within one year of €1,701,642 are recoverable, and whether any provision for impairment is required against fixed assets investments and debtors falling due within one year. This would result in adjustments to amounts included in both the statement of financial position and statement of comprehensive income.

**Disclaimer of opinion on financial statements**

Because of the significance of the matters referred to in the Basis for Disclaimer of Opinion on Financial Statements paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Notwithstanding our disclaimer of an opinion on the financial statements, in our opinion, the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**CAPINVEST SERVICES LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CAPINVEST SERVICES LIMITED  
(CONTINUED)**

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

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with those financial statements and this report has been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

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

In respect solely of the limitation on our work relating to the carrying value of investments in associates and the recoverability of a loan as described above:

- we have not received all the information and explanations we require for our audit; and
- we were unable to determine whether adequate accounting records had been kept.

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

- 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
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the Directors' report and take advantage of the small companies' exemption from the requirement to prepare a Strategic report.



Barry Paul Hennedy (Senior statutory auditor)

for and on behalf of  
**Endor Consultants LLC**

Chartered Certified Accountants and  
Registered Auditors  
Statutory Auditor

First Floor  
18 - 20 North Quay  
Douglas  
Isle of Man  
IM1 4LE

Date: 22 December 2017

**CAPINVEST SERVICES LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 €	2015 €
Administrative expenses		105,179	(291,731)
Other operating income	3	50,000	10,739
<b>Operating profit/(loss)</b>	4	155,179	(280,992)
Amounts written off investments		(2,225,865)	(12,022,114)
Interest receivable and similar income	5	28,113	60,897
<b>Loss before tax</b>		(2,042,573)	(12,242,209)
Tax on loss	6	-	(5,458)
<b>Loss for the year</b>		<u>(2,042,573)</u>	<u>(12,247,667)</u>

There was no other comprehensive income for 2016 (2015:€NIL).

The notes on pages 9 to 17 form part of these financial statements.



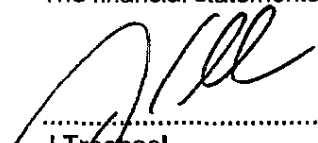
**CAPINVEST SERVICES LIMITED**  
**REGISTERED NUMBER:02940234**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2016**

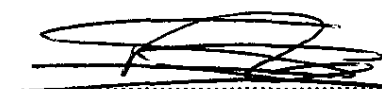
	Note	2016 €	2015 €
<b>Fixed assets</b>			
Investments	7	5,901,492	9,839,347
		<u>5,901,492</u>	<u>9,839,347</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	8	1,701,642	720,292
Cash at bank and in hand	9	95	2,699
		<u>1,701,737</u>	<u>722,991</u>
Creditors: amounts falling due within one year	10	(4,374,010)	(5,290,546)
<b>Net current liabilities</b>		<u>(2,672,273)</u>	<u>(4,567,555)</u>
<b>Total assets less current liabilities</b>		<u>3,229,219</u>	<u>5,271,792</u>
<b>Net assets</b>		<u><u>3,229,219</u></u>	<u><u>5,271,792</u></u>
<b>Capital and reserves</b>			
Called up share capital	12	52,652,631	52,652,631
Profit and loss account	13	(49,423,412)	(47,380,839)
		<u>3,229,219</u>	<u>5,271,792</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

  
 .....  
**J Trachsel**  
 Director

Date: 21/12/2017

  
 .....  
**S A Moura Reis**  
 Director

Date: 21/12/2017

The notes on pages 9 to 17 form part of these financial statements.

**CAPINVEST SERVICES LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>€</b>	<b>€</b>	<b>€</b>
At 1 January 2016	52,652,631	(47,380,839)	5,271,792
<b>Comprehensive income for the year</b>			
Loss for the year	-	(2,042,573)	(2,042,573)
<b>At 31 December 2016</b>	<u>52,652,631</u>	<u>(49,423,412)</u>	<u>3,229,219</u>

**CAPINVEST SERVICES LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	€	€	€
At 1 January 2015	52,652,631	(35,133,172)	17,519,459
<b>Comprehensive income for the year</b>			
Loss for the year	-	(12,247,667)	(12,247,667)
<b>At 31 December 2015</b>	<u>52,652,631</u>	<u>(47,380,839)</u>	<u>5,271,792</u>

The notes on pages 9 to 17 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**1. General information**

The Company is a limited company incorporated in the United Kingdom. The principal activity is that of an investment company. The registered office is disclosed on the Company Information page.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

**2.2 Associates and joint ventures**

Associates and Joint Ventures are held at cost less impairment.

**2.3 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

**2.4 Valuation of investments**

Investments in subsidiaries and associates are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

**2.5 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016

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**2. Accounting policies (continued)**

**2.6 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**2.7 Financial instruments**

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

**2.8 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016

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2. Accounting policies (continued)

2.9 Foreign currency translation

**Functional and presentation currency**

The Company's functional and presentational currency is Euros.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2.10 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

2.11 Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

2.12 Taxation

Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

3. Other operating income

	2016 €	2015 €
Commissions receivable	50,000	10,739

**CAPINVEST SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**4. Operating profit/(loss)**

The operating profit/(loss) is stated after charging:

	2016 €	2015 €
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	22,592	9,765
Exchange differences	(791)	3,200
	<u>          </u>	<u>          </u>

**5. Interest receivable**

	2016 €	2015 €
Other interest receivable	28,113	60,897
	<u>          </u>	<u>          </u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**6. Taxation**

	2016 €	2015 €
<b>Corporation tax</b>		
Current tax on profits for the year	-	6,078
Adjustments in respect of previous periods	-	(620)
<b>Total current tax</b>	<u>-</u>	<u>5,458</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is the same as (2015 - the same as) the standard rate of corporation tax in the UK of 20% (2015 - 20.25%) as set out below:

	2016 €	2015 €
Loss on ordinary activities before tax	(2,042,573)	(12,242,209)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	(408,515)	(2,479,047)
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	408,515	2,485,125
Adjustments to tax charge in respect of prior periods	-	(620)
<b>Total tax charge for the year</b>	<u>-</u>	<u>5,458</u>

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges.



**CAPINVEST SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**7. Fixed asset investments**

	Investments in subsidiary companies €	Investments in associates €	Unlisted investments €	Loans to subsidiaries €	Total €
<b>Cost or valuation</b>					
At 1 January 2016	55,716,198	5,623,311	-	1,062,237	62,401,746
Additions	1,893,855	3,000	450	-	1,897,305
Disposals	(1,506,000)	(3,751,874)	-	(1,062,237)	(6,320,111)
Transfer to investments in associates	(56,104,053)	56,104,053	-	-	-
At 31 December 2016	-	57,978,490	450	-	57,978,940
<b>Impairment</b>					
At 1 January 2016	48,110,554	4,451,845	-	-	52,562,399
Charge for the period	-	2,225,865	-	-	2,225,865
Impairment on disposals	-	(2,710,816)	-	-	(2,710,816)
Transfer to investments in associates	(48,110,554)	48,110,554	-	-	-
At 31 December 2016	-	52,077,448	-	-	52,077,448
<b>Net book value</b>					
At 31 December 2016	-	5,901,042	450	-	5,901,492
At 31 December 2015	7,605,644	1,171,466	-	1,062,237	9,839,347

**Participating interests**

**Associates**

Name	Country of incorporation	Class of shares	Holding	Principal activity
Les Hotels de Paris	France	ordinary	42.43%	Hotels
SAS Aglae	France	ordinary	37.49%	Hotels

The Company holds 42.43% of share capital of Les Hotels de Paris and holds 47.87% of the voting rights.

**CAPINVEST SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016****8. Debtors**

	2016 €	2015 €
Loan account (see note 14)	1,701,642	720,292

**9. Cash and cash equivalents**

	2016 €	2015 €
Cash at bank and in hand	95	2,699
Less: bank overdrafts	(2,605)	-
	(2,510)	2,699

**10. Creditors: Amounts falling due within one year**

	2016 €	2015 €
Bank overdrafts	2,605	-
Bank loan	300,476	-
Shareholders loan account (see note 14)	2,732,334	2,584,673
Corporation tax	5,262	6,078
Other creditors	1,250,402	2,666,262
Accruals and deferred income	82,931	33,533
	4,374,010	5,290,546

On 27 July 2016 the company entered into a Credit Agreement with Societe Private Banking (Monaco) for a loan in the sum of €300,000 for the purposes of of the company acquiring further shares in the company Les Hotels de Paris. The loan is secured by a charge over the issued share capital of the company under a Pledge Agreement also dated 27 July 2016. Interest at a rate of 12 month EURIBOR + 1.10% is payable on the loan and the loan was repayable by 27 July 2017. On 31 January 2017 the loan was fully repaid.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**11. Financial instruments**

	2016 €	2015 €
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	545	2,699
Financial assets that are debt instruments measured at amortised cost	1,701,642	720,292
	<u>1,702,187</u>	<u>722,991</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>(1,636,414)</u>	<u>(2,699,795)</u>

**12. Share capital**

	2016 €	2015 €
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
42,188,300 ordinary shares shares of £1 each	<u>52,652,631</u>	<u>52,652,631</u>

**13. Reserves****Profit and loss account**

Profit and loss account - includes all current and prior period retained profits and losses.

## CAPINVEST SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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#### 14. Related party transactions

	Balance b/f 1 Jan-16 €	Movement €	Balance c/f 31 Dec-16 €
Les Hotels de Paris	1,062,237	(1,062,237)	-
SAS Siam	720,292	981,350	1,701,642
Mr P Machefert	(2,584,673)	(147,661)	(2,732,334)

Les Hotels de Paris is a 42.43% associate company of Capinvest Services Limited (referred to in note 7). The loan was fully repaid during the current financial period.

SAS Siam is a company which Capinvest Services Limited holds a 5% holding in. The loan is the loan account referred to in note 8. The loan is unsecured, bears interest at the rate of 2.03% per annum and is *repayable on demand*.

Mr P Machefert is the 100% ultimate beneficial owner of Capinvest Services Limited. The loan is the shareholders loan account referred to in note 10. The loan is unsecured, interest free and repayable on demand.

#### 15. Controlling party

The controlling and ultimate controlling party of the Company is Mr P Machefert who also holds shares in the associate company Les Hotels de Paris.