

REGISTRARS COPY

Lime Wood Group Limited

**Annual Report and Consolidated Financial Statements
Year Ended 31 December 2017**

Registration number: 03811108

PKF FRANCISCLARK

Chartered accountants & business advisers



Lime Wood Group Limited

Contents

Strategic Report	1
Directors' Report	2
Statement of Directors' Responsibilities	3
Independent Auditor's Report	4 to 6
Consolidated Profit and Loss Account	7
Consolidated Statement of Comprehensive Income	8
Consolidated Balance Sheet	9
Balance Sheet	10
Consolidated Statement of Changes in Equity	11
Statement of Changes in Equity	12
Consolidated Statement of Cash Flows	13
Notes to the Financial Statements	14 to 34

Lime Wood Group Limited

Strategic Report

Year Ended 31 December 2017

The directors present their strategic report for the year ended 31 December 2017.

Principal activity

The principal activity of the company is that of hoteliers.

Fair review of the business

Lime Wood's Sales have increased by 8% over the previous year, within those figures Spa sales have increased by 9%. Staff Costs and Overheads have both increased by 9%. The net effect of the above is an EBITDA increase of over 5%.

The Sales at Portetta have fallen by 10% and EBITDA has fallen by 18%.

These financial statements have been prepared on a going concern basis, despite the excess of current liabilities over current assets shown on the consolidated balance sheet. The excess of current liabilities over current assets on the consolidated balance sheet is due to shareholder loans of £1,152,155 and €13,378,333 which have no repayment terms and are therefore repayable on demand and classified as a current liability. The shareholder has confirmed that they will continue to support the group and although the loans are repayable on demand they do not intend to recall the loan within 12 months of approving the accounts.

The company's key financial and other performance indicators during the year were as follows:

	Unit	2017	2016
Lime Wood Hotel Turnover	£'000s	10,353	9,602
Lime Wood Hotel EBITDA	£'000s	2,232	2,121
Le Portetta Hotel Turnover	£'000s	2,758	3,069
Le Portetta Hotel EBITDA	£'000s	659	800

The above figures exclude Head Office expenses.

Principal risks and uncertainties

The business' principal financial instruments comprise bank balances and loans to the business. The main purpose of these instruments is to finance the business' operations.

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of overdrafts at floating rates of interest. All of the business' cash balances are held in such a way that achieves a competitive rate of interest. The business makes use of money market facilities where funds are available.

Loans comprise loans from financial institutions and J Ratcliffe. The interest rates and monthly repayments are fixed. The business manages the liquidity risk by ensuring that there are sufficient funds to meet the payments.

Approved by the Board on 20/9/18 and signed on its behalf by:


M Rise
Company secretary

Lime Wood Group Limited

Directors' Report

Year Ended 31 December 2017

The directors present their report and the for the year ended 31 December 2017.

Directors of the group

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

R C Hutson

B R Foster

A Hartnett

Disclosure of information to the auditor

Each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Approved by the Board on 20/9/18 and signed on its behalf by:


.....
M Rice
Company secretary

Lime Wood Group Limited

Statement of Directors' Responsibilities

Directors' responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

Lime Wood Group Limited

Independent Auditor's Report to the Members of Lime Wood Group Limited

Opinion

We have audited the financial statements of Lime Wood Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017, which comprise the Consolidated Profit and Loss Account, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2017 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

Lime Wood Group Limited

Independent Auditor's Report to the Members of Lime Wood Group Limited

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

We have nothing to report in this regard.

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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities [set out on page 3], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Lime Wood Group Limited

Independent Auditor's Report to the Members of Lime Wood Group Limited

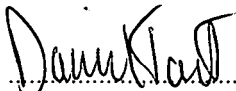
Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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



.....
Daniel Tout ACA (Senior Statutory Auditor)
PKF Francis Clark, Statutory Auditor

The George Business Centre
Christchurch Road
New Milton
Hampshire
BH25 6QJ

Date: 22/9/18

Lime Wood Group Limited

Consolidated Profit and Loss Account

Year Ended 31 December 2017

	Note	2017 £	2016 £
Turnover	3	15,492,186	13,923,829
Cost of sales		<u>(2,618,926)</u>	<u>(2,423,741)</u>
Gross profit		12,873,260	11,500,088
Administrative expenses		(12,188,598)	(11,018,166)
Other operating income	4	<u>15,960</u>	<u>15,025</u>
Operating profit	5	<u>700,622</u>	<u>496,947</u>
Other interest receivable and similar income	8	96,108	93,219
Interest payable and similar charges	9	<u>(166,361)</u>	<u>(236,674)</u>
		<u>(70,253)</u>	<u>(143,455)</u>
Profit before tax		630,369	353,492
Taxation	10	<u>(221,611)</u>	<u>(16,052)</u>
Profit for the financial year		<u>408,758</u>	<u>337,440</u>
Profit/(loss) attributable to:			
Owners of the company		<u>408,758</u>	<u>337,440</u>

The notes on pages 14 to 34 form an integral part of these financial statements.

Lime Wood Group Limited

Consolidated Statement of Comprehensive Income

Year Ended 31 December 2017

	Note	2017 £	2016 £
Profit for the year		408,758	337,440
Foreign currency translation gains/(losses)		<u>105,930</u>	<u>487,244</u>
Total comprehensive income for the year		<u>514,688</u>	<u>824,684</u>
Total comprehensive income attributable to:			
Owners of the company		<u>514,688</u>	<u>824,684</u>

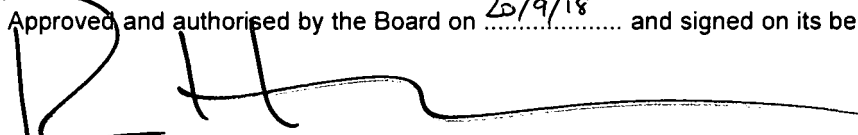
Lime Wood Group Limited

Consolidated Balance Sheet

31 December 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	11	29,766	61,520
Tangible assets	12	38,996,726	38,479,374
Investment property	13	<u>225,000</u>	<u>225,000</u>
		<u>39,251,492</u>	<u>38,765,894</u>
Current assets			
Stocks	15	560,934	588,972
Debtors	16	4,517,893	4,446,095
Cash at bank and in hand	17	<u>1,446,168</u>	<u>552,452</u>
		6,524,995	5,587,519
Creditors: Amounts falling due within one year	18	<u>(19,131,885)</u>	<u>(17,279,130)</u>
Net current liabilities		<u>(12,606,890)</u>	<u>(11,691,611)</u>
Total assets less current liabilities		26,644,602	27,074,283
Creditors: Amounts falling due after more than one year	18	<u>(7,366,261)</u>	<u>(8,310,630)</u>
Net assets		<u>19,278,341</u>	<u>18,763,653</u>
Capital and reserves			
Called up share capital	20	28,869	28,869
Share premium reserve		70,458,730	70,458,730
Other reserves		97,120	97,120
Profit and loss account		<u>(51,306,378)</u>	<u>(51,821,066)</u>
Equity attributable to owners of the company		<u>19,278,341</u>	<u>18,763,653</u>
Total equity		<u>19,278,341</u>	<u>18,763,653</u>

Approved and authorised by the Board on 20/9/18 and signed on its behalf by:



R C Hutson
Director

Company Registration Number: 03811108

Lime Wood Group Limited

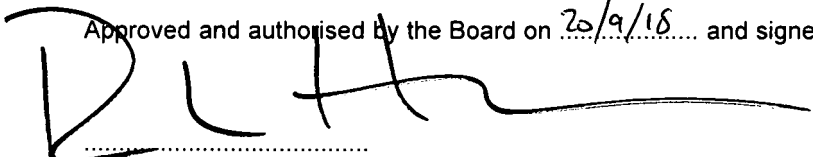
Balance Sheet

31 December 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	12	24,717,566	23,952,704
Investment property	13	225,000	225,000
Investments	14	14,645,913	14,645,913
		<u>39,588,479</u>	<u>38,823,617</u>
Current assets			
Stocks	15	479,035	500,748
Debtors	16	4,152,859	4,333,290
Cash at bank and in hand	17	1,106,673	320,428
		<u>5,738,567</u>	<u>5,154,466</u>
Creditors: Amounts falling due within one year	18	<u>(5,131,160)</u>	<u>(4,151,151)</u>
Net current assets		<u>607,407</u>	<u>1,003,315</u>
Total assets less current liabilities		40,195,886	39,826,932
Creditors: Amounts falling due after more than one year	18	<u>(5,780,000)</u>	<u>(6,500,000)</u>
Net assets		<u>34,415,886</u>	<u>33,326,932</u>
Capital and reserves			
Called up share capital	20	28,869	28,869
Share premium reserve		70,458,730	70,458,730
Other reserves		97,120	97,120
Profit and loss account		<u>(36,168,833)</u>	<u>(37,257,787)</u>
Total equity		<u>34,415,886</u>	<u>33,326,932</u>

The company made a profit after tax for the financial year of £1,088,954 (2016 - profit of £824,985).

Approved and authorised by the Board on 20/9/18 and signed on its behalf by:


R C Hutson
Director

Company Registration Number: 03811108

Lime Wood Group Limited

Consolidated Statement of Changes in Equity Year Ended 31 December 2017

	Share capital £	Share premium £	Non-distributable reserve £	Profit and loss account £	Total £	Total equity £
At 1 January 2017	28,869	70,458,730	97,120	(51,821,066)	18,763,653	18,763,653
Profit for the year	-	-	-	408,758	408,758	408,758
Foreign currency translation gains/(losses)	-	-	-	105,930	105,930	105,930
Total comprehensive income	-	-	-	514,688	514,688	514,688
At 31 December 2017	28,869	70,458,730	97,120	(51,306,378)	19,278,341	19,278,341
	Share capital £	Share premium £	Non-distributable reserve £	Profit and loss account £	Total £	Total equity £
At 1 January 2016	28,869	70,458,730	91,725	(52,640,355)	17,938,969	17,938,969
Profit for the year	-	-	-	337,440	337,440	337,440
Foreign currency translation gains/(losses)	-	-	-	487,244	487,244	487,244
Total comprehensive income	-	-	-	824,684	824,684	824,684
Transfers	-	-	5,395	(5,395)	-	-
At 31 December 2016	28,869	70,458,730	97,120	(51,821,066)	18,763,653	18,763,653

The notes on pages 14 to 34 form an integral part of these financial statements.
Page 11

Lime Wood Group Limited

Statement of Changes in Equity Year Ended 31 December 2017

	Share capital £	Share premium £	Non-distributable reserve £	Profit and loss account £	Total £
At 1 January 2017	28,869	70,458,730	97,120	(37,257,787)	33,326,932
Profit for the year	-	-	-	1,088,954	1,088,954
Total comprehensive income	-	-	-	1,088,954	1,088,954
At 31 December 2017	28,869	70,458,730	97,120	(36,168,833)	34,415,886
	Share capital £	Share premium £	Non-distributable reserve £	Profit and loss account £	(As restated) Total £
At 1 January 2016	28,869	70,458,730	91,725	(38,077,377)	32,501,947
Profit for the year	-	-	-	824,985	824,985
Total comprehensive income	-	-	-	824,985	824,985
Transfers	-	-	5,395	(5,395)	-
At 31 December 2016	28,869	70,458,730	97,120	(37,257,787)	33,326,932

The notes on pages 14 to 34 form an integral part of these financial statements.
Page 12

Lime Wood Group Limited

Consolidated Statement of Cash Flows

Year Ended 31 December 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Profit for the year		408,758	337,440
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	1,493,250	1,391,796
Profit on disposal of tangible assets		-	(3,400)
Finance income	8	(96,108)	(93,219)
Finance costs	9	166,361	236,674
Corporation tax charge		221,611	16,052
		<u>2,193,872</u>	<u>1,885,343</u>
Working capital adjustments			
Decrease/(increase) in stocks	15	28,038	(65,274)
Increase in trade debtors	16	(71,798)	(88,491)
Increase/(decrease) in trade creditors	18	<u>1,202,259</u>	<u>(428,165)</u>
Cash generated from operations		3,352,371	1,303,413
Corporation tax paid	10	<u>(22,118)</u>	<u>(23,249)</u>
Net cash flow from operating activities		<u>3,330,253</u>	<u>1,280,164</u>
Cash flows from investing activities			
Interest received		96,108	93,219
Acquisitions of tangible assets	12	(1,267,794)	(769,588)
Proceeds from sale of tangible assets		-	3,400
Acquisition of intangible assets	11	<u>-</u>	<u>(28,596)</u>
Net cash flows from investing activities		<u>(1,171,686)</u>	<u>(701,565)</u>
Cash flows from financing activities			
Interest paid	9	(166,361)	(236,674)
Repayment of bank borrowing		<u>(1,027,251)</u>	<u>(964,241)</u>
Net cash flows from financing activities		<u>(1,193,612)</u>	<u>(1,200,915)</u>
Net increase/(decrease) in cash and cash equivalents		964,955	(622,316)
Cash and cash equivalents at 1 January		552,452	1,339,962
Effect of exchange rate fluctuations on cash held		<u>(71,239)</u>	<u>(165,194)</u>
Cash and cash equivalents at 31 December		<u><u>1,446,168</u></u>	<u><u>552,452</u></u>

The notes on pages 14 to 34 form an integral part of these financial statements.

Lime Wood Group Limited

Notes to the Financial Statements

Year Ended 31 December 2017

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

Clayhill
Beechen Lane
Lyndhurst
Hampshire
SO43 7DD
England and Wales

The principal place of business is:

Lime Wood Hotel
Beaulieu Road
Lyndhurst
SO43 7FZ
England and Wales

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 December 2017.

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

Inter-company transactions, balances and unrealised gains on transactions between the Company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Lime Wood Group Limited

Notes to the Financial Statements

Year Ended 31 December 2017

Summary of disclosure exemptions

No profit and loss account is presented for the company as permitted by section 408 of the companies act 2006.

The company made a profit after tax for the financial year of £1,088,954 (2016 - profit of £824,985).

Going concern

These financial statements have been prepared on a going concern basis, despite the excess of current liabilities over current assets shown on the consolidated balance sheet. The excess of current liabilities over current assets on the consolidated balance sheet is due to shareholder loans of £1,152,155 and €13,378,333 which have no repayment terms and are therefore repayable on demand and classified as a current liability. The shareholder has confirmed that they will continue to support the group and although the loans are repayable on demand they do not intend to recall the loan within 12 months of approving the accounts.

Key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made are noted below:

Depreciation – The company establishes a reliable estimate of the useful lives of tangible fixed assets. The carrying amount is £38,996,726 (2016 -£38,479,374).

Revenue recognition

Turnover represents amounts chargeable, net of value added tax, in respect of the sale of goods and services to customers at the group's Hotels and Spas.

- Goods and services provided to hotel and spa guests are recognised as the service is carried out.
- Spa membership income is recognised on a straight line basis over the life of the membership.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Lime Wood Group Limited

Notes to the Financial Statements

Year Ended 31 December 2017

Tax

Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current corporation 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 group operates and generates taxable income.

Deferred tax is recognised on all timing differences at the balance sheet date unless indicated below. Timing differences are differences between taxable profits and the results as stated in the consolidated profit and loss account and other comprehensive income. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Property, plant and equipment

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The directors consider that the freehold and long leasehold properties are maintained in such a state of repair that their residual value is at least equal to their net book value. As a result, the corresponding depreciation would not be material and therefore is not charged in the profit and loss account.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Land and buildings	Nil - 25% straight line basis
Plant and machinery	20 - 50 % straight line basis
Fixtures and fittings	10 - 50% straight line basis and 15% reducing balance basis
Motor vehicles	20% straight line basis and 25% reducing balance basis
Office equipment	20 - 33% straight line basis

Investment property

Investment property is carried at fair value, derived from the current market prices for comparable real estate determined by the directors. Periodically the directors instruct external valuers to use observable market prices, adjusted if necessary for any difference in the nature, location or condition of the specific asset to fair value the investment property. Changes in fair value are recognised in profit or loss.

Lime Wood Group Limited

Notes to the Financial Statements

Year Ended 31 December 2017

Goodwill

Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

Intangible assets

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date.

Separately acquired trademarks and licences are shown at historical cost.

Trademarks, licences (including software) and customer-related intangible assets acquired in a business combination are recognised at fair value at the acquisition date.

Trademarks, licences and customer-related intangible assets have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Goodwill	20% straight line basis
Licenses	Nil - 100% straight line basis

Investments

Investments in subsidiaries are stated in the balance sheet at cost, less any subsequent accumulated impairment losses.

The cost of investments in subsidiaries includes directly attributable incremental costs incurred in their acquisition.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Lime Wood Group Limited

Notes to the Financial Statements

Year Ended 31 December 2017

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Financial instruments

Classification

The company holds the following financial instruments:

- Short term trade and other debtors and creditors;
- Bank loans; and
- Cash and bank balances.

All financial instruments are classified as basic.

Recognition and measurement

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument and derecognised when in the case of assets, the contractual rights to cash flows from the assets expire or substantially all the risks and rewards of ownership are transferred to another party, or in the case of liabilities, when the company's obligations are discharged, expire or are cancelled.

Short term debtors and creditors

Basic financial assets comprise short term trade and other debtors. Basic financial liabilities comprise short term trade and other creditors. Such instruments are initially measured at transaction price, including transaction costs, and are subsequently carried at the undiscounted amount of the cash or other consideration expected to be paid or received.

Loans and borrowings (including overdrafts)

Loans which meet the criteria under FRS102 to be classed as 'basic financial instruments' are initially recorded at transaction price and subsequently measured at amortised cost using the effective interest method.

Except for bank loans, such instruments are initially measured at transaction price, including transaction costs, and are subsequently carried at the undiscounted amount of the cash or other consideration expected to be paid or received, after taking account of impairment adjustments.

Bank loans are initially measured at transaction price, including transaction costs, and are subsequently carried at amortised cost using the effective interest method.

Lime Wood Group Limited

Notes to the Financial Statements

Year Ended 31 December 2017

3 Revenue

The analysis of the group's turnover for the year by class of business is as follows:

	2017	2016
	£	£
Hotel revenue	13,962,434	12,564,071
Management charges	1,377,213	1,196,821
Staff accommodation	152,539	162,937
	<u>15,492,186</u>	<u>13,923,829</u>

The analysis of the group's turnover for the year by market is as follows:

	2017	2016
	£	£
UK	12,567,339	11,196,305
Europe	2,924,847	2,727,524
	<u>15,492,186</u>	<u>13,923,829</u>

4 Other operating income

The analysis of the group's other operating income for the year is as follows:

	2017	2016
	£	£
Other income	960	25
Rent receivable	15,000	15,000
	<u>15,960</u>	<u>15,025</u>

5 Operating profit

Arrived at after charging/(crediting)

	2017	2016
	£	£
Depreciation expense	1,459,069	1,357,427
Amortisation expense	34,181	34,369
Foreign exchange gains	(9,211)	(39,282)
Operating lease expense - plant and machinery	114,337	106,366
Profit on disposal of property, plant and equipment	-	(3,400)

Lime Wood Group Limited

Notes to the Financial Statements

Year Ended 31 December 2017

6 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2017	2016
	£	£
Wages and salaries	5,525,436	5,000,747
Social security costs	512,249	451,833
Pension costs, defined contribution scheme	71,380	58,827
Other employee expense	6,259	-
	<u>6,115,324</u>	<u>5,511,407</u>

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

	2017	2016
	No.	No.
Administration and support	5	5
Hotel, restaurant and spa	255	240
	<u>260</u>	<u>245</u>

7 Auditor's remuneration

	2017	2016
	£	£
Audit of these financial statements	8,000	8,000
Other fees to auditors		
All other non-audit services	<u>7,150</u>	<u>7,620</u>

8 Other interest receivable and similar income

	2017	2016
	£	£
Other finance income	<u>96,108</u>	<u>93,219</u>

9 Interest payable and similar expenses

	2017	2016
	£	£
Interest on bank overdrafts and borrowings	<u>166,361</u>	<u>236,674</u>

Lime Wood Group Limited

Notes to the Financial Statements

Year Ended 31 December 2017

10 Taxation

Tax charged/(credited) in the profit and loss account

	2017 £	2016 £
Current taxation		
UK corporation tax	221,611	21,447
Deferred taxation		
Arising from origination and reversal of timing differences	-	(5,395)
Tax expense in the income statement	<u>221,611</u>	<u>16,052</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2016 - lower than the standard rate of corporation tax in the UK) of 19.25% (2016 - 20%).

The differences are reconciled below:

	2017 £	2016 £
Profit before tax	<u>630,369</u>	<u>353,492</u>
Corporation tax at standard rate	121,346	70,698
Effect of expense not deductible in determining taxable profit (tax loss)	2,698	3,853
Effect of tax losses	(32,722)	(145,764)
Effect of foreign tax rates	130,917	97,509
Tax decrease from effect of capital allowances and depreciation	(628)	(4,849)
Tax decrease from effect of indexation allowance on capital gains	-	(5,395)
Total tax charge	<u>221,611</u>	<u>16,052</u>

Lime Wood Group Limited

Notes to the Financial Statements

Year Ended 31 December 2017

11 Intangible assets

Group

	Goodwill £	Trademarks, patents and licenses £	Total £
Cost or valuation			
At 1 January 2017	10,628,095	98,697	10,726,792
Foreign exchange movements	419,595	3,897	423,492
At 31 December 2017	11,047,690	102,594	11,150,284
Amortisation			
At 1 January 2017	10,617,683	47,589	10,665,272
Amortisation charge	-	34,181	34,181
Foreign exchange movements	419,185	1,880	421,065
At 31 December 2017	11,036,868	83,650	11,120,518
Carrying amount			
At 31 December 2017	10,822	18,944	29,766
At 31 December 2016	10,412	51,108	61,520

Lime Wood Group Limited

Notes to the Financial Statements

Year Ended 31 December 2017

12 Tangible assets

Group

	Land and buildings £	Furniture, fittings and equipment £	Motor vehicles £	Other property, plant and equipment £	Total £
Cost or valuation					
At 1 January 2017	70,379,653	7,582,472	89,219	683,459	78,734,803
Additions	788,187	447,442	-	32,165	1,267,794
Foreign exchange movements	881,490	152,215	1,163	9,583	1,044,451
At 31 December 2017	<u>72,049,330</u>	<u>8,182,129</u>	<u>90,382</u>	<u>725,207</u>	<u>81,047,048</u>
Depreciation					
At 1 January 2017	35,225,773	4,390,081	67,848	571,727	40,255,429
Charge for the year	765,996	641,138	5,342	46,593	1,459,069
Foreign exchange movements	245,423	81,395	1,163	7,843	335,824
At 31 December 2017	<u>36,237,192</u>	<u>5,112,614</u>	<u>74,353</u>	<u>626,163</u>	<u>42,050,322</u>
Carrying amount					
At 31 December 2017	<u>35,812,138</u>	<u>3,069,515</u>	<u>16,029</u>	<u>99,044</u>	<u>38,996,726</u>
At 31 December 2016	<u>35,153,880</u>	<u>3,192,391</u>	<u>21,371</u>	<u>111,732</u>	<u>38,479,374</u>

Included within the net book value of land and buildings above is £35,600,197 (2016 - £34,941,939) in respect of freehold land and buildings, £211,941 (2016 - £211,941) in respect of long leasehold land and buildings.

Lime Wood Group Limited

Notes to the Financial Statements

Year Ended 31 December 2017

Company

	Land and buildings £	Furniture, fittings and equipment £	Motor vehicles £	Other property, plant and equipment £	Total £
Cost or valuation					
At 1 January 2017	48,057,101	3,728,267	59,770	440,855	52,285,993
Additions	788,187	274,429	-	30,397	1,093,013
At 31 December 2017	48,845,288	4,002,696	59,770	471,252	53,379,006
Depreciation					
At 1 January 2017	25,592,624	2,329,109	38,399	373,157	28,333,289
Charge for the year	-	290,840	5,342	31,969	328,151
At 31 December 2017	25,592,624	2,619,949	43,741	405,126	28,661,440
Carrying amount					
At 31 December 2017	23,252,664	1,382,747	16,029	66,126	24,717,566
At 31 December 2016	22,464,477	1,399,158	21,371	67,698	23,952,704

Included within the net book value of land and buildings above is £23,040,723 (2016 - £22,252,536) in respect of freehold land and buildings and £211,941 (2016 - £211,941) in respect of long leasehold land and buildings.

Lime Wood Group Limited

Notes to the Financial Statements

Year Ended 31 December 2017

13 Investment properties

Group

	2017 £
At 1 January	<u>225,000</u>
At 31 December	<u><u>225,000</u></u>

The investment property class of fixed asset is valued at market value by the directors. The investment property has a current market value of £225,000 (2016 - £225,000) and a carrying amount at historic cost of £127,880 (2016 - £127,880). The depreciation on this historic cost is £nil (2015 - £nil).

The investment property class of fixed asset was last revalued by an external valuer on 20 September 2010 by K Marsh MRICS, Savills (L&P), who is external to the group.

Company

	2017 £
At 1 January	<u>225,000</u>
At 31 December	<u><u>225,000</u></u>

The investment property class of fixed asset is valued at market value by the directors. The investment property has a current market value of £225,000 (2016 - £225,000) and a carrying amount at historic cost of £127,880 (2016 - £127,880). The depreciation on this historic cost is £nil (2015 - £nil).

The investment property class of fixed asset was last revalued by an external valuer on 20 September 2010 by K Marsh MRICS, Savills (L&P), who is external to the company.

Lime Wood Group Limited

Notes to the Financial Statements

Year Ended 31 December 2017

14 Investments

Group

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the group holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2017	2016
Subsidiary undertakings				
Sarl Portetta	France	Ordinary	100%	100%

Subsidiary undertakings

The principal activity of Sarl Portetta is Hoteliers

Company

	2017	2016
	£	£
Investments in subsidiaries	<u>14,645,913</u>	<u>14,645,913</u>

Subsidiaries

Cost or valuation

At 1 January 2017 14,645,913

At 31 December 2017 14,645,913

Carrying amount

At 31 December 2017 14,645,913

At 31 December 2016 14,645,913

Lime Wood Group Limited

Notes to the Financial Statements

Year Ended 31 December 2017

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2017	2016
Subsidiary undertakings				
Sarl Portetta	France	Ordinary	100%	100%

The principal activity of Sarl Portetta is Hoteliers

15 Stocks

	2017 £	Group 2016 £	2017 £	Company 2016 £
Stocks	<u>560,934</u>	<u>588,972</u>	<u>479,035</u>	<u>500,748</u>

Group

The cost of stocks recognised as an expense in the year amounted to £2,532,325 (2016 - £2,302,306).

Company

The cost of stocks recognised as an expense in the year amounted to £2,112,435 (2016 - £1,935,144).

16 Debtors

	Note	2017 £	Group 2016 £	2017 £	Company 2016 £
Trade debtors		220,117	100,326	106,465	67,521
Amounts due from group undertakings	23	-	-	20,717	176,677
Other debtors		3,985,136	3,976,889	3,847,273	3,851,358
Prepayments		<u>312,640</u>	<u>368,880</u>	<u>178,404</u>	<u>237,734</u>
		<u>4,517,893</u>	<u>4,446,095</u>	<u>4,152,859</u>	<u>4,333,290</u>

Lime Wood Group Limited

Notes to the Financial Statements

Year Ended 31 December 2017

17 Cash and cash equivalents

	2017 £	Group 2016 £	2017 £	Company 2016 £
Cash on hand	13,025	10,477	6,016	8,346
Cash at bank	1,433,143	541,975	1,100,657	312,082
	<u>1,446,168</u>	<u>552,452</u>	<u>1,106,673</u>	<u>320,428</u>

18 Creditors

	Note	2017 £	Group 2016 £	2017 £	Company 2016 £
Due within one year					
Loans and borrowings	21	14,030,903	13,579,900	1,872,155	1,872,155
Trade creditors		2,305,095	1,615,858	1,990,297	1,305,097
Corporation tax		203,945	4,452	221,611	21,447
Social security and other taxes		450,013	525,149	429,437	482,754
Outstanding defined contribution pension costs		23,073	8,664	11,173	8,664
Other creditors		1,533,808	1,093,522	21,439	9,449
Accrued expenses		<u>585,048</u>	<u>451,585</u>	<u>585,048</u>	<u>451,585</u>
		<u>19,131,885</u>	<u>17,279,130</u>	<u>5,131,160</u>	<u>4,151,151</u>
Due after one year					
Loans and borrowings	21	<u>7,366,261</u>	<u>8,310,630</u>	<u>5,780,000</u>	<u>6,500,000</u>

19 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £71,380 (2016 - £58,827).

Contributions totalling £23,073 (2016 - £8,664) were payable to the scheme at the end of the year and are included in creditors.

Lime Wood Group Limited

Notes to the Financial Statements

Year Ended 31 December 2017

20 Share capital

Allotted, called up and fully paid shares

	No.	2017 £	No.	2016 £
A Ordinary shares of £1 each	500	500	500	500
B Ordinary shares of £1 each	28,369	28,369	28,369	28,369
	<u>28,869</u>	<u>28,869</u>	<u>28,869</u>	<u>28,869</u>

21 Loans and borrowings

	2017 £	Group 2016 £	2017 £	Company 2016 £
Non-current loans and borrowings				
Bank borrowings	<u>7,366,261</u>	<u>8,310,630</u>	<u>5,780,000</u>	<u>6,500,000</u>

	2017 £	Group 2016 £	2017 £	Company 2016 £
Current loans and borrowings				
Bank borrowings	1,008,000	1,008,000	720,000	720,000
Other borrowings	<u>13,022,903</u>	<u>12,571,900</u>	<u>1,152,155</u>	<u>1,152,155</u>
	<u>14,030,903</u>	<u>13,579,900</u>	<u>1,872,155</u>	<u>1,872,155</u>

Group

Bank borrowings

Bank loan is denominated in pounds with a nominal interest rate of 2% plus LIBOR%, and the final instalment is due on 28 April 2021. The carrying amount at year end is £6,500,000 (2016 - £7,220,000).

The bank loan is secured by a debenture over all of the assets in the company, a first legal charge over the property and a subordination deed with the shareholder.

Bank loan - Sarl Portetta is denominated in Euros with a nominal interest rate of 1.546%%, and the final instalment is due on 1 December 2023. The carrying amount at year end is £1,874,261 (2016 - £2,098,630).

Lime Wood Group Limited

Notes to the Financial Statements

Year Ended 31 December 2017

22 Obligations under leases and hire purchase contracts

Group

Operating leases

The total of future minimum lease payments is as follows:

	2017	2016
	£	£
Not later than one year	12,000	12,000
Later than one year and not later than five years	48,000	48,000
Later than five years	168,000	180,000
	<u>228,000</u>	<u>240,000</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £12,000 (2016 - £12,000).

Company

Operating leases

The total of future minimum lease payments is as follows:

	2017	2016
	£	£
Not later than one year	12,000	12,000
Later than one year and not later than five years	48,000	48,000
Later than five years	168,000	180,000
	<u>228,000</u>	<u>240,000</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £12,000 (2016 - £12,000).

Lime Wood Group Limited

Notes to the Financial Statements

Year Ended 31 December 2017

23 Related party transactions

Group

Summary of transactions with entities with joint control or significant interest

The receipt of services relates to management charges to Home Grown Hotels Limited which is an entity with joint control. The company also has a loan to Home Grown Hotels Limited on which interest of 3% is being charged.

Summary of transactions with other related parties

The lease expense and creditor relate to the rental of residential properties for staff accommodation from Ineos Properties Limited which is a company under common ultimate control.

The loan is from the ultimate controlling party and has no repayment terms so is classified as due within 1 year but it has been confirmed that is not the intention that this will be repaid within 12 months of the approval of the accounts.

Income and receivables from related parties

	Entities with joint control or significant influence £
2017	
Receipt of services	1,335,663
Amounts receivable from related party	<u>381,455</u>
	Entities with joint control or significant influence £
2016	
Receipt of services	1,127,212
Amounts receivable from related party	<u>474,114</u>

Lime Wood Group Limited

Notes to the Financial Statements

Year Ended 31 December 2017

Expenditure with and payables to related parties

	Key management £	Other related parties £
2017		
Purchase of goods	2,305	-
Rendering of services	402,782	-
Leases	-	121,368
	<u>405,087</u>	<u>121,368</u>
Amounts payable to related party	<u>31,148</u>	<u>21,659</u>

	Key management £	Other related parties £
2016		
Purchase of goods	9,588	-
Rendering of services	472,720	-
Leases	-	122,538
	<u>482,308</u>	<u>122,538</u>
Amounts payable to related party	<u>177</u>	<u>32,694</u>

Loans to related parties

	Entities with joint control or significant influence £
2017	
At start of period	3,359,713
Interest transactions	96,108
At end of period	<u>3,455,821</u>

	Entities with joint control or significant influence £
2016	
At start of period	3,266,494
Interest transactions	93,219
At end of period	<u>3,359,713</u>

Lime Wood Group Limited

Notes to the Financial Statements

Year Ended 31 December 2017

Loans from related parties

	Other related parties £
2017	
At start of period	12,571,900
Effect of exchange rate fluctuations	<u>450,997</u>
At end of period	<u><u>13,022,897</u></u>
	Other related parties £
2016	
At start of period	11,007,839
Effect of exchange rate fluctuations	<u>1,564,061</u>
At end of period	<u><u>12,571,900</u></u>

Lime Wood Group Limited

Notes to the Financial Statements

Year Ended 31 December 2017

24 Financial instruments

Group

Categorisation of financial instruments

	2017 £	2016 £
Financial assets that are debt instruments measured at amortised cost	<u>4,205,254</u>	<u>4,077,216</u>
	<u>4,205,254</u>	<u>4,077,216</u>
Financial liabilities measured at amortised cost	<u>25,236,067</u>	<u>(24,599,910)</u>
	<u>25,236,067</u>	<u>(24,599,910)</u>

Company

Categorisation of financial instruments

	2017 £	2016 £
Financial assets that are debt instruments measured at amortised cost	<u>3,974,455</u>	<u>4,095,556</u>
	<u>3,974,455</u>	<u>4,095,556</u>
Financial liabilities measured at amortised cost	<u>(9,663,891)</u>	<u>(9,686,701)</u>
	<u>(9,663,891)</u>	<u>(9,686,701)</u>

25 Parent and ultimate parent undertaking

The most senior parent entity producing publicly available financial statements is Lime Wood Group Limited. The ultimate controlling party is Mr J Ratcliffe.