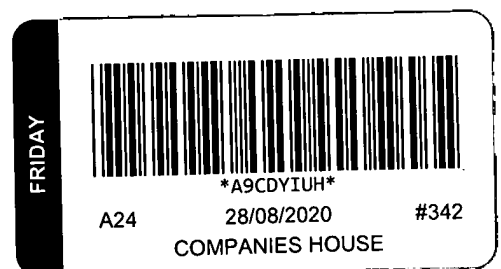


Company Registration No. 03914051 (England and Wales)

SPEARMINT RHINO VENTURES (UK) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019



SPEARMINT RHINO VENTURES (UK) LIMITED

COMPANY INFORMATION

Directors	Ms K Vercher Mr J R Specht
Secretary	Spearmint Rhino Secretarial Services Ltd
Company number	03914051
Registered office	161 Tottenham Court Road London W1T 7NN
Auditor	Wilkins Kennedy Audit Services Gladstone House 77/79 High Street Egham Surrey TW20 9HY

SPEARMINT RHINO VENTURES (UK) LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Independent auditor's report	3 - 5
Group statement of comprehensive income	6
Group balance sheet	7
Company balance sheet	8
Group statement of changes in equity	9
Company statement of changes in equity	10
Group statement of cash flows	11
Notes to the financial statements	12 - 24

SPEARMINT RHINO VENTURES (UK) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and financial statements for the year ended 31 December 2019.

Principal activities

The principal activity of the group is the operation of nightclubs.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Ms K Vercher

Mr J R Specht

Results and dividends

No ordinary dividends were paid in 2019 (2018 - Nil). The directors do not recommend payment of a further dividend.

Post reporting date events

Information relating to events since the end of the year is given in note 18 to the financial statements.

Auditor

In accordance with the company's articles, a resolution proposing that Wilkins Kennedy Audit Services be reappointed as auditor of the group will be put at a General Meeting.

Statement of directors' responsibilities

The directors are responsible 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 group and company, and of the profit or loss of the group 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 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 group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

SPEARMINT RHINO VENTURES (UK) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

On behalf of the board



Mr J R Specht
Director

Date: ..11.August.2020.....

SPEARMINT RHINO VENTURES (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SPEARMINT RHINO VENTURES (UK) LIMITED

Opinion

We have audited the financial statements of Spearmint Rhino Ventures (UK) Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group 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 FRS 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 2019 and of the group's loss 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 company 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.

We draw attention to the disclosures relating to the impact of Covid-19 since the year end set out in notes 1.3 and 18. Our opinion is not modified in respect of this matter.

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.

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.

SPEARMINT RHINO VENTURES (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SPEARMINT RHINO VENTURES (UK) LIMITED

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

SPEARMINT RHINO VENTURES (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SPEARMINT RHINO VENTURES (UK) LIMITED

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.

Wilkins Kennedy Audit Services

**Paul Creasey (Senior Statutory Auditor)
for and on behalf of Wilkins Kennedy Audit Services**

13 August 2020
.....

Statutory Auditor

Gladstone House
77/79 High Street
Egham
Surrey
TW20 9HY

SPEARMINT RHINO VENTURES (UK) LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
Turnover	2	4,171,267	5,226,231
Cost of sales		(2,737,167)	(2,651,449)
Gross profit		1,434,100	2,574,782
Administrative expenses		(2,883,255)	(3,255,125)
Other operating income		45,968	37,998
Operating loss		(1,403,187)	(642,345)
Interest receivable and similar income	4	29	65
Interest payable and similar expenses	5	(211,360)	(184,569)
Fair value gains and losses on investment properties	8	-	156,000
Loss before taxation		(1,614,518)	(670,849)
Tax on loss		(13,282)	(14,967)
Loss for the financial year	16	(1,627,800)	(685,816)

Loss for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

SPEARMINT RHINO VENTURES (UK) LIMITED

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Intangible assets	6	-	-	-	-
Tangible assets	7	3,731,216		3,851,427	
Investment properties	8	656,000		656,000	
		<u>4,387,216</u>		<u>4,507,427</u>	
Current assets					
Stocks		61,195		64,416	
Debtors	11	587,276		554,910	
Cash at bank and in hand		322,548		277,432	
		<u>971,019</u>		<u>896,758</u>	
Creditors: amounts falling due within one year	12	(10,008,986)		(8,460,912)	
Net current liabilities			(9,037,967)		(7,564,154)
Total assets less current liabilities			<u>(4,650,751)</u>		<u>(3,056,727)</u>
Provisions for liabilities			(175,436)		(141,660)
Net liabilities			<u>(4,826,187)</u>		<u>(3,198,387)</u>
Capital and reserves					
Called up share capital		1,000		1,000	
Revaluation reserve	14	1,761,767		1,816,349	
Capital redemption reserve	15	600,000		600,000	
Profit and loss reserves	16	(7,188,954)		(5,615,736)	
Total equity			<u>(4,826,187)</u>		<u>(3,198,387)</u>

These financial statements have been prepared in accordance with the provisions applicable to groups and companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 11 August 2020 and are signed on its behalf by:



Mr J R Specht
Director

SPEARMINT RHINO VENTURES (UK) LIMITED

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Investment properties	8	656,000		656,000	
Investments		352,648		352,648	
			1,008,648		1,008,648
Current assets					
Debtors	11	799,273		440,520	
Cash at bank and in hand		4,413		1,317	
			803,686		441,837
Creditors: amounts falling due within one year	12	(7,701,848)		(6,561,323)	
Net current liabilities			(6,898,162)		(6,119,486)
Total assets less current liabilities			(5,889,514)		(5,110,838)
Provisions for liabilities			(52,008)		(45,469)
Net liabilities			(5,941,522)		(5,156,307)
Capital and reserves					
Called up share capital			1,000		1,000
Revaluation reserve	14	361,631		388,151	
Capital redemption reserve	15	600,000		600,000	
Profit and loss reserves	16	(6,904,153)		(6,145,458)	
Total equity			(5,941,522)		(5,156,307)

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £785,216 (2018 - £1,017,720 loss).

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 11 August 2020 and are signed on its behalf by:



Mr J R Specht
Director

Company Registration No. 03914051

SPEARMINT RHINO VENTURES (UK) LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital	Revaluation reserve	Capital redemption reserve	Profit and loss reserves	Total
	£	£	£	£	£
Balance at 1 January 2018	1,000	1,714,931	600,000	(4,828,502)	(2,512,571)
Year ended 31 December 2018:					
Loss and total comprehensive income for the year	-	-	-	(685,816)	(685,816)
Transfers	-	101,418	-	(101,418)	-
Balance at 31 December 2018	1,000	1,816,349	600,000	(5,615,736)	(3,198,387)
Year ended 31 December 2019:					
Loss and total comprehensive income for the year	-	-	-	(1,627,800)	(1,627,800)
Transfers	-	(54,582)	-	54,582	-
Balance at 31 December 2019	1,000	1,761,767	600,000	(7,188,954)	(4,826,187)

SPEARMINT RHINO VENTURES (UK) LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital	Revaluation reserve	Capital redemption reserve	Profit and loss reserves	Total
	£	£	£	£	£
Balance at 1 January 2018	1,000	258,671	600,000	(4,998,258)	(4,138,587)
Year ended 31 December 2018:					
Loss and total comprehensive income for the year	-	-	-	(1,017,720)	(1,017,720)
Transfers	-	129,480	-	(129,480)	-
Balance at 31 December 2018	1,000	388,151	600,000	(6,145,458)	(5,156,307)
Year ended 31 December 2019:					
Loss and total comprehensive income for the year	-	-	-	(785,215)	(785,215)
Transfers	-	(26,520)	-	26,520	-
Balance at 31 December 2019	1,000	361,631	600,000	(6,904,153)	(5,941,522)

SPEARMINT RHINO VENTURES (UK) LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Cash generated from operations	21	412,590		1,993,328	
Interest paid		(211,360)		(184,569)	
Income taxes refunded/(paid)		1		(26,982)	
Net cash inflow from operating activities		<u>201,231</u>		<u>1,781,777</u>	
Investing activities					
Purchase of tangible fixed assets		-	(1,686,336)		
Interest received		29	65		
Net cash generated from/(used in) investing activities			<u>29</u>		<u>(1,686,271)</u>
Financing activities					
Repayment of bank loans		(156,144)	(148,575)		
Net cash used in financing activities		<u>(156,144)</u>		<u>(148,575)</u>	
Net increase/(decrease) in cash and cash equivalents		45,116		(53,069)	
Cash and cash equivalents at beginning of year		277,432		330,501	
Cash and cash equivalents at end of year		<u><u>322,548</u></u>		<u><u>277,432</u></u>	

SPEARMINT RHINO VENTURES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

Spearmint Rhino Ventures (UK) Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 161 Tottenham Court Road, London, W1T 7NN.

The group consists of Spearmint Rhino Ventures (UK) Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The consolidated financial statements incorporate those of Spearmint Rhino Ventures (UK) Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2019. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

SPEARMINT RHINO VENTURES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.3 Going concern

At the balance sheet date, the company and group is in a net liability position. Spearmint Rhino Companies Worldwide have expressed their intention to provide sufficient financial support to enable the company and group to meet its debts as they fall due. Having made appropriate enquiries, the directors do not consider the validity of the support letter is tainted by impact of the Covid-19 virus as described in note 18.

On an operational level, the group also relies upon the Entertainment license it holds remaining in place. The directors are confident that the license will not be revoked in the foreseeable future and on this basis consider it appropriate to prepare the financial statements on a going concern basis.

1.4 Turnover

Turnover comprises revenue recognised by the group in respect of nightclub services and related goods supplied during the year, exclusive of Value Added Tax and trade discounts. Turnover is recognised on the date of supply.

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 5 years.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	2% straight line
Leasehold land and buildings	over the remaining life of the lease
Fixtures and fittings	20% straight line
Motor vehicles	20% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.7 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in profit or loss.

Where fair value cannot be achieved without undue cost or effort, investment property is accounted for as tangible fixed assets.

1.8 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

SPEARMINT RHINO VENTURES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

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

1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.10 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell, after making due allowance for obsolete and slow moving items.

1.11 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.12 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

SPEARMINT RHINO VENTURES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.13 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

SPEARMINT RHINO VENTURES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.17 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.18 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Turnover and other revenue

Turnover is attributable to the principal activity of the group and is wholly derived in the United Kingdom.

3 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2019 Number	2018 Number	Company 2019 Number	2018 Number
Total	83	95	2	7

SPEARMINT RHINO VENTURES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

3 Employees

(Continued)

	Group 2019 £	2018 £	Company 2019 £	2018 £
Wages and salaries	1,956,433	2,017,730	450,451	629,024
Social security costs	109,307	133,836	17,657	39,256
Pension costs	26,605	16,812	-	1,474
	<u>2,092,345</u>	<u>2,168,378</u>	<u>468,108</u>	<u>669,754</u>

4 Interest receivable and similar income

	2019 £	2018 £
Other interest receivable and similar income	<u>29</u>	<u>65</u>

5 Interest payable and similar expenses

	2019 £	2018 £
Interest payable to group undertakings	<u>206,757</u>	<u>170,369</u>

6 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 January 2019 and 31 December 2019	<u>1,936,201</u>
Amortisation and impairment	
At 1 January 2019 and 31 December 2019	<u>1,936,201</u>
Carrying amount	
At 31 December 2019	<u>-</u>
At 31 December 2018	<u>-</u>

The company had no intangible fixed assets at 31 December 2019 or 31 December 2018.

SPEARMINT RHINO VENTURES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

7 Tangible fixed assets

Group	Land and buildings £	Plant and machinery etc £	Total £
Cost			
At 1 January 2019 and 31 December 2019	5,099,004	3,763,476	8,862,480
Depreciation and impairment			
At 1 January 2019	1,336,708	3,674,345	5,011,053
Depreciation charged in the year	75,019	45,192	120,211
At 31 December 2019	1,411,727	3,719,537	5,131,264
Carrying amount			
At 31 December 2019	3,687,277	43,939	3,731,216
At 31 December 2018	3,762,296	89,131	3,851,427
Company		Plant and machinery etc £	
Cost			
At 1 January 2019 and 31 December 2019			275,043
Depreciation and impairment			
At 1 January 2019 and 31 December 2019			275,043
Carrying amount			
At 31 December 2019			-

8 Investment property

	Group 2019 £	Company 2019 £
Fair value		
At 1 January 2019 and 31 December 2019	656,000	656,000

Investment property is carried at fair value determined annually by external valuers and derived from the current market rates and investment property yields for comparable real estate or by the directors based on reasonable assumptions. No depreciation is provided. Changes in fair value are recognised in the Profit and loss account.

SPEARMINT RHINO VENTURES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

8 Investment property

(Continued)

If investment properties were stated on an historical cost basis rather than a fair value basis, the amounts would have been included as follows:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Cost	208,694	208,694	208,694	208,694

9 Subsidiaries

Details of the company's subsidiaries at 31 December 2019 are as follows:

Name of undertaking	Nature of business	Class of shares held	% Held Direct
Bacchus Limited	Operation of a nightclub	Ordinary	100.00
RKW Limited	Property company	Ordinary	100.00
Sassy Productions Limited	Operation of a nightclub	Ordinary	100.00
Sonfield Developments Limited	Operation of a nightclub	Ordinary	100.00
Spearmint Rhino Companies (Birmingham) Limited	Operation of a nightclub	Ordinary	100.00
Spearmint Rhino Companies (Europe) Limited	Operation of a nightclub	Ordinary	100.00
SR Leicestershire Ltd	Holding company	Ordinary	100.00
Spearmint Rhino Secretarial Services Limited	Non-trading company	Ordinary	100.00

The registered office for all of the subsidiaries is 161 Tottenham Court Road, London, England, W1T 7NN.

The aggregate capital and reserves and the profit for the year of the subsidiaries noted above was as follows:

Name of undertaking	Profit/(Loss) £	Capital and Reserves £
Bacchus Limited	66,877	313,795
RKW Limited	75,416	137,481
Sassy Productions Limited	(91,596)	(133,690)
Sonfield Developments Limited	(304,236)	(355,457)
Spearmint Rhino Companies (Birmingham) Limited	169,427	2,476,187
Spearmint Rhino Companies (Europe) Limited	(758,473)	(813,611)
SR Leicestershire Ltd	-	10

SPEARMINT RHINO VENTURES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

10 Financial instruments

	Group 2019 £	2018 £	Company 2019 £	2018 £
Carrying amount of financial assets				
Instruments measured at fair value through profit or loss	656,000	656,000	656,000	656,000

11 Debtors

	Group 2019 £	2018 £	Company 2019 £	2018 £
Amounts falling due within one year:				
Trade debtors	32,783	77,640	-	114
Amounts owed by group	-	-	693,311	397,127
Other debtors	404,000	347,270	105,962	43,279
	436,783	424,910	799,273	440,520
Deferred tax asset	20,493	-	-	-
	457,276	424,910	799,273	440,520
Amounts falling due after more than one year:				
Other debtors	130,000	130,000	-	-
Total debtors	587,276	554,910	799,273	440,520

12 Creditors: amounts falling due within one year

	Group 2019 £	2018 £	Company 2019 £	2018 £
Bank loans	25	156,169	-	-
Trade creditors	595,993	563,127	39,047	32,281
Amounts owed to group undertakings	-	-	2,180,159	1,330,675
Corporation tax payable	1,527	1,527	(87)	(87)
Other taxation and social security	142,077	187,165	14,100	18,416
Other creditors	9,269,364	7,552,924	5,468,629	5,180,038
	10,008,986	8,460,912	7,701,848	6,561,323

SPEARMINT RHINO VENTURES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

13 Loans and overdrafts

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Bank loans	25	156,169	-	-
	<u>25</u>	<u>156,169</u>	<u>-</u>	<u>-</u>
Payable within one year	25	156,169	-	-
	<u>25</u>	<u>156,169</u>	<u>-</u>	<u>-</u>

The loans are secured by a cross guarantee and debenture between all of the companies within the Spearmint Rhino Ventures (UK) Limited group.

SPEARMINT RHINO VENTURES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

14 Revaluation reserve

	Group 2019 £	2018 £	Company 2019 £	2018 £
At beginning of year	1,816,349	1,714,931	388,151	258,671
Transfer to retained earnings	(54,582)	101,418	(26,520)	129,480
At end of year	<u>1,761,767</u>	<u>1,816,349</u>	<u>361,631</u>	<u>388,151</u>

16 Profit and loss reserves

	Group 2019 £	2018 £	Company 2019 £	2018 £
At the beginning of the year	(5,615,736)	(4,828,502)	(6,145,458)	(4,998,258)
Loss for the year	(1,627,800)	(685,816)	(785,215)	(1,017,720)
Transfer from revaluation reserve	54,582	(101,418)	26,520	(129,480)
At the end of the year	<u>(7,188,954)</u>	<u>(5,615,736)</u>	<u>(6,904,153)</u>	<u>(6,145,458)</u>

17 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Within one year	626,000	626,000	-	-
Between two and five years	2,504,000	2,504,000	-	-
In over five years	6,218,801	6,952,801	-	-
	<u>9,348,801</u>	<u>10,082,801</u>	<u>-</u>	<u>-</u>

SPEARMINT RHINO VENTURES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

18 Events after the reporting date

On January 30, 2020, the World Health Organisation declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken in the UK to help mitigate the spread of the coronavirus included restrictions on travel and forced closures for certain types of public places and businesses including all of our venues in March 2020. All staff were furloughed and the company has been claiming government backed grant and funding schemes as appropriate.

It is unknown how long the adverse conditions associated with the coronavirus will last and what the complete financial effect will be to the Company. The wellbeing of our staff, dancers, suppliers and customers is our paramount concern and hence once restrictions are lifted, we look forward to re-opening when it is safe and appropriate to do so.

19 Related party transactions

The group has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

The group headed by Spearmint Rhino Companies Worldwide Inc is regarded as a related party by virtue of common ownership. Amounts owed to the group amounted to £7,828,320 (2018: £6,110,862) and interest payable in the year amounted to £196,756 (2018 £170,370).

20 Controlling party

The ultimate controlling party is J Gray.

21 Cash generated from group operations

	2019 £	2018 £
Loss for the year after tax	(1,627,800)	(685,816)
Adjustments for:		
Taxation charged	13,282	14,967
Finance costs	211,360	184,569
Investment income	(29)	(65)
Fair value gain on investment properties	-	(156,000)
Amortisation and impairment of intangible assets	-	2,495
Depreciation and impairment of tangible fixed assets	120,211	105,301
Movements in working capital:		
Decrease in stocks	3,221	900
Increase in debtors	(11,873)	(164,958)
Increase in creditors	1,704,218	2,691,935
Cash generated from operations	412,590	1,993,328

SPEARMINT RHINO VENTURES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

22 Analysis of changes in net funds - group

	1 January 2019 £	Cash flows £	31 December 2019 £
Cash at bank and in hand	277,432	45,116	322,548
Borrowings excluding overdrafts	(156,169)	156,144	(25)
	<u>121,263</u>	<u>201,260</u>	<u>322,523</u>