

REGISTERED NUMBER: 03914051 (England and Wales)

SPEARMINT RHINO VENTURES (UK) LIMITED
REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017



SPEARMINT RHINO VENTURES (UK) LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2017**

DIRECTORS:

Mr J R Specht
Ms K Vercher

SECRETARY:

Spearmint Rhino Secretarial Services Limited

REGISTERED OFFICE:

161 Tottenham Court Road
London
W1T 7NN

REGISTERED NUMBER:

03914051 (England and Wales)

AUDITORS:

Wilkins Kennedy LLP
Chartered Accountants
Statutory Auditor
Gladstone House
77-79 High Street
Egham
Surrey
TW20 9HY

SPEARMINT RHINO VENTURES (UK) LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2017**

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2017.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2017 to the date of this report.

Mr J R Specht
Ms K Vercher

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group 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;
- 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

Wilkins Kennedy LLP will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:



Mr J R Specht - Director

Date: 2-7-18

**REPORT OF THE INDEPENDENT AUDITORS 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 2017 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, 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 of the parent company 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 Auditors' 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 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 in the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and 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, 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 matters 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SPEARMINT RHINO VENTURES (UK) LIMITED

Matters on which we are required to report by exception

In the light of the 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 Report of the Directors.

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 from the requirement to prepare a Group Strategic Report or in preparing the Report of the Directors.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page two, 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 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.

Our 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 a Report of the Auditors 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 Report of the Auditors.

**REPORT OF THE INDEPENDENT AUDITORS 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 a Report of the Auditors 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 LLP

Paul Creasey (Senior Statutory Auditor)
for and on behalf of Wilkins Kennedy LLP
Chartered Accountants
Statutory Auditor
Gladstone House
77-79 High Street
Egham
Surrey
TW20 9HY

Date: *6 July 2018*

SPEARMINT RHINO VENTURES (UK) LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

Notes	2017 £	2016 £
TURNOVER	5,246,693	5,453,859
Cost of sales	(2,540,492)	(2,666,188)
GROSS PROFIT	2,706,201	2,787,671
Administrative expenses	(2,494,196)	(4,004,678)
	212,005	(1,217,007)
Other operating income	41,656	17,950
Gain/loss on revaluation of investment property	-	125,000
OPERATING PROFIT/(LOSS)	253,661	(1,074,057)
Interest receivable and similar income	55	1,706
	253,716	(1,072,351)
Interest payable and similar expenses	(157,649)	(173,832)
PROFIT/(LOSS) BEFORE TAXATION	96,067	(1,246,183)
Tax on profit/(loss)	(19,781)	(20,710)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	76,286	(1,266,893)
OTHER COMPREHENSIVE INCOME		
Movement in deferred tax	30,330	17,533
Income tax relating to other comprehensive income	-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX	30,330	17,533
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	106,616	(1,249,360)
Profit/(loss) attributable to: Owners of the parent	76,286	(1,266,893)
Total comprehensive income attributable to: Owners of the parent	106,616	(1,249,360)

The notes form part of these financial statements

SPEARMINT RHINO VENTURES (UK) LIMITED (REGISTERED NUMBER: 03914051)

**CONSOLIDATED BALANCE SHEET
31 DECEMBER 2017**

	Notes	2017 £	2016 £
FIXED ASSETS			
Intangible assets	5	2,495	4,990
Tangible assets	6	2,270,394	2,359,342
Investments	7	-	-
Investment property	8	500,000	500,000
		<u>2,772,889</u>	<u>2,864,332</u>
CURRENT ASSETS			
Stocks		65,316	69,714
Debtors	9	389,952	390,380
Cash at bank and in hand		330,501	216,482
		<u>785,769</u>	<u>676,576</u>
CREDITORS			
Amounts falling due within one year	10	(5,944,536)	(5,995,871)
NET CURRENT LIABILITIES		<u>(5,158,767)</u>	<u>(5,319,295)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(2,385,878)</u>	<u>(2,454,963)</u>
PROVISIONS FOR LIABILITIES		<u>(126,693)</u>	<u>(164,224)</u>
NET LIABILITIES		<u>(2,512,571)</u>	<u>(2,619,187)</u>
CAPITAL AND RESERVES			
Called up share capital		1,000	1,000
Revaluation reserve	11	1,714,931	1,714,933
Capital redemption reserve		600,000	600,000
Retained earnings		(4,828,502)	(4,935,120)
		<u>(2,512,571)</u>	<u>(2,619,187)</u>

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the Board of Directors on 2 July 2018 and were signed on its behalf by:


Mr. R Specht - Director

The notes form part of these financial statements

SPEARMINT RHINO VENTURES (UK) LIMITED (REGISTERED NUMBER: 03914051)

**COMPANY BALANCE SHEET
31 DECEMBER 2017**

	Notes	2017 £	2016 £
FIXED ASSETS			
Intangible assets	5	-	-
Tangible assets	6	-	-
Investments	7	352,648	50,616
Investment property	8	500,000	500,000
		<u>852,648</u>	<u>550,616</u>
CURRENT ASSETS			
Debtors	9	37,356	3,126,358
Cash at bank		13,651	4,107
		<u>51,007</u>	<u>3,130,465</u>
CREDITORS			
Amounts falling due within one year	10	(5,024,630)	(6,764,673)
NET CURRENT LIABILITIES		<u>(4,973,623)</u>	<u>(3,634,208)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(4,120,975)</u>	<u>(3,083,592)</u>
PROVISIONS FOR LIABILITIES		<u>(17,612)</u>	<u>(20,144)</u>
NET LIABILITIES		<u>(4,138,587)</u>	<u>(3,103,736)</u>
CAPITAL AND RESERVES			
Called up share capital		1,000	1,000
Revaluation reserve	11	258,671	260,942
Capital redemption reserve		600,000	600,000
Retained earnings		(4,998,258)	(3,965,678)
		<u>(4,138,587)</u>	<u>(3,103,736)</u>
Company's loss for the financial year		<u>(1,034,851)</u>	<u>(1,412,453)</u>

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the Board of Directors on 2 July 2018 and were signed on its behalf by:


Mr. DR Specht - Director

The notes form part of these financial statements

SPEARMINT RHINO VENTURES (UK) LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up share capital £	Retained earnings £	Revaluation reserve £	Capital redemption reserve £	Total equity £
Balance at 1 January 2016	1,000	(3,601,653)	1,630,826	600,000	(1,369,827)
Changes in equity					
Deficit for the year	-	(1,266,893)	-	-	(1,266,893)
Other comprehensive income	-	(66,574)	84,107	-	17,533
Total comprehensive income	-	(1,333,467)	84,107	-	(1,249,360)
Balance at 31 December 2016	1,000	(4,935,120)	1,714,933	600,000	(2,619,187)
Changes in equity					
Deficit for the year	-	76,286	-	-	76,286
Other comprehensive income	-	-	30,330	-	30,330
Total comprehensive income	-	76,286	30,330	-	106,616
Transfer to/from profit and loss account	-	30,332	(30,332)	-	-
Balance at 31 December 2017	1,000	(4,828,502)	1,714,931	600,000	(2,512,571)

The notes form part of these financial statements

SPEARMINT RHINO VENTURES (UK) LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up share capital £	Retained earnings £	Revaluation reserve £	Capital redemption reserve £	Total equity £
Balance at 1 January 2016	1,000	(2,458,589)	166,306	600,000	(1,691,283)
Changes in equity					
Deficit for the year	-	(1,412,453)	-	-	(1,412,453)
Other comprehensive income	-	(94,636)	94,636	-	-
Total comprehensive income	-	(1,507,089)	94,636	-	(1,412,453)
Balance at 31 December 2016	1,000	(3,965,678)	260,942	600,000	(3,103,736)
Changes in equity					
Deficit for the year	-	(1,034,851)	-	-	(1,034,851)
Total comprehensive income	-	(1,034,851)	-	-	(1,034,851)
Transfer to/from profit and loss account	-	2,271	(2,271)	-	-
Balance at 31 December 2017	1,000	(4,998,258)	258,671	600,000	(4,138,587)

The notes form part of these financial statements

SPEARMINT RHINO VENTURES (UK) LIMITED

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	2017 £	2016 £
Cash flows from operating activities			
Cash generated from operations	1	405,393	(296,188)
Interest paid		(157,649)	(173,832)
Taxation refund		7,590	7,250
Net cash from operating activities		<u>255,334</u>	<u>(462,770)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		-	(16,885)
Interest received		55	1,706
Net cash from investing activities		<u>55</u>	<u>(15,179)</u>
Cash flows from financing activities			
Loan repayments in year		(141,370)	(141,388)
Net cash from financing activities		<u>(141,370)</u>	<u>(141,388)</u>
Increase/(decrease) in cash and cash equivalents		<u>114,019</u>	<u>(619,337)</u>
Cash and cash equivalents at beginning of year	2	<u>216,482</u>	<u>835,819</u>
Cash and cash equivalents at end of year	2	<u><u>330,501</u></u>	<u><u>216,482</u></u>

The notes form part of these financial statements

SPEARMINT RHINO VENTURES (UK) LIMITED

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017**

1. RECONCILIATION OF PROFIT/(LOSS) BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2017	2016
	£	£
Profit/(loss) before taxation	96,067	(1,246,183)
Depreciation charges	88,948	146,166
Gain on revaluation of fixed assets	-	(125,000)
Amortisation of intangible assets	2,495	28,296
Increase in amounts to related parties	71,665	735,176
Finance costs	157,649	173,832
Finance income	(55)	(1,706)
	<u>416,769</u>	<u>(289,419)</u>
Decrease/(increase) in stocks	4,398	(10,044)
(Increase)/decrease in trade and other debtors	(7,248)	27,190
Decrease in trade and other creditors	<u>(8,526)</u>	<u>(23,915)</u>
Cash generated from operations	<u><u>405,393</u></u>	<u><u>(296,188)</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2017

	31.12.17	1.1.17
	£	£
Cash and cash equivalents	<u>330,501</u>	<u>216,482</u>

Year ended 31 December 2016

	31.12.16	1.1.16
	£	£
Cash and cash equivalents	<u>216,482</u>	<u>835,819</u>

The notes form part of these financial statements

SPEARMINT RHINO VENTURES (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. STATUTORY INFORMATION

Spearmint Rhino Ventures (UK) Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

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

Going concern

At the balance sheet date the group is in a net liability position. Spearmint Rhino Companies Worldwide Inc. and J Gray have expressed their intention to continue to support the group and on this basis the directors consider it appropriate to prepare the financial statements on a going concern basis.

On an operational level, the group relies upon the Entertainment licenses it holds remaining in place. The directors are confident that the licences will not be revoked in the foreseeable future. The financial statements do not include any adjustments that would result from the licences being revoked.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and its subsidiaries controlled by the group. Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Business combinations and goodwill

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree plus costs directly attributable to the business combination.

Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill. If the net fair value of the identifiable assets and liabilities exceeds the cost of the business combination the excess is recognised separately on the face of the consolidated statement of financial position immediately below goodwill.

Significant judgements and estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on a continuing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

SPEARMINT RHINO VENTURES (UK) LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. ACCOUNTING POLICIES - continued

Significant judgements and estimates (continued)

Investment property

The directors assess the fair value of the investment property where an external valuer has not performed a valuation. The key judgements involved are a review of the market rates and rental yields.

Deferred tax

Deferred tax assets are raised to the extent that it is probable that future taxable profits will be available against which the unused taxes losses and unused tax credits can be utilised.

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.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Tangible fixed assets

Leasehold land and buildings are measured at the date of revaluation less subsequent amortisation and impairment losses. Revaluations are carried out regularly to ensure the carrying amounts do not materially differ from using the fair value at the date of the statement of financial position. Plant and Equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Any revaluation surplus is recognised in other comprehensive income, except to the extent that they reverse a revaluation decrease that was previously recognised in profit or loss, and this is recognised in profit or loss. Any revaluation gains are recognised in a separate revaluation reserve in equity and any revaluation decreases are recognised in other comprehensive income to the extent they reverse a previous revaluation increase in relation to the same asset, and are otherwise recognised in profit or loss.

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

At each reporting date, property, plant and equipment are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of impairment is recognised immediately in profit or loss.

Depreciation has been computed to write off the cost of the property, plant and equipment over their useful expected lives using the following rates:

Long term leasehold property	-	over the remaining life of the lease
Motor vehicles	-	20% straight line
Fixtures & fittings	-	20% straight line

SPEARMINT RHINO VENTURES (UK) LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. ACCOUNTING POLICIES - continued

Investment property

Investment property is carried at fair value determined by 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.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax amounts recognised in the revaluation reserve for tangible fixed assets have no tax impact. Transfers of gains and losses on investment properties from the profit and loss reserve to the revaluation reserve are net of deferred tax.

Operating leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term. Lease incentives are recognised over the lease term on a straight line basis.

Pension costs and other post-retirement benefits

The group operates a defined contribution plan for its employees. Contributions payable to the pension scheme are charged to the profit or loss in the period to which they relate.

Trade and other receivables

Trade and other receivables are measured at transaction price less any impairment unless the arrangement constitutes a financing transaction in which case the transaction is measured at the present value of the future receipts discounted at the prevailing market rate of interest. Loans are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method less any impairment.

SPEARMINT RHINO VENTURES (UK) LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. ACCOUNTING POLICIES - continued

Trade and other payables

Trade and other payables are measured at their transaction price unless the arrangement constitutes a financing transaction in which case the transaction is measured at present value of future payments discounted at prevailing market rate of interest. Other financial liabilities are initially measured at fair value net of their transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 80 (2016 - 81).

The average number of employees by undertakings that are proportionately consolidated during the year was nil (2016 - nil).

4. INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

5. INTANGIBLE FIXED ASSETS

Group	Goodwill £
COST	
At 1 January 2017 and 31 December 2017	1,936,201
AMORTISATION	
At 1 January 2017	1,931,211
Charge for year	2,495
At 31 December 2017	1,933,706
NET BOOK VALUE	
At 31 December 2017	2,495
At 31 December 2016	4,990

SPEARMINT RHINO VENTURES (UK) LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017**

6. TANGIBLE FIXED ASSETS

Group

	Long leasehold £	Fixtures and fittings £	Motor vehicles £	Totals £
COST				
At 1 January 2017 and 31 December 2017	<u>3,412,668</u>	<u>3,719,187</u>	<u>44,289</u>	<u>7,176,144</u>
DEPRECIATION				
At 1 January 2017	1,234,449	3,538,064	44,289	4,816,802
Charge for year	41,292	47,656	-	88,948
At 31 December 2017	<u>1,275,741</u>	<u>3,585,720</u>	<u>44,289</u>	<u>4,905,750</u>
NET BOOK VALUE				
At 31 December 2017	<u>2,136,927</u>	<u>133,467</u>	-	<u>2,270,394</u>
At 31 December 2016	<u>2,178,219</u>	<u>181,123</u>	-	<u>2,359,342</u>

Company

	Fixtures and fittings £	Motor vehicles £	Totals £
COST			
At 1 January 2017 and 31 December 2017	<u>261,244</u>	<u>13,799</u>	<u>275,043</u>
DEPRECIATION			
At 1 January 2017 and 31 December 2017	<u>261,244</u>	<u>13,799</u>	<u>275,043</u>
NET BOOK VALUE			
At 31 December 2017	-	-	-
At 31 December 2016	-	-	-

SPEARMINT RHINO VENTURES (UK) LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017**

7. FIXED ASSET INVESTMENTS

Company

	Shares in group undertakings £
COST	
At 1 January 2017	50,616
Additions	3,183,441
Impairments	(2,881,409)
	<u>352,648</u>
At 31 December 2017	<u>352,648</u>
NET BOOK VALUE	
At 31 December 2017	<u>352,648</u>
At 31 December 2016	<u>50,616</u>

The following were subsidiary undertakings of the company.

Name	Class of Shares	Holding	Principal activity
Spearmint Rhino Companies (Europe) Limited	Ordinary	100 %	Operation of a nightclub
Spearmint Rhino Companies (Birmingham) Limited	Ordinary	100 %	Operation of a nightclub
Sassy Productions Limited	Ordinary	100 %	Operation of a nightclub
Sonfield Developments Limited	Ordinary	100 %	Operation of a nightclub
SR Leicestershire Limited	Ordinary	100 %	Intermediate holding company
Bacchus Limited	Ordinary	100%	Operation of a nightclub
RKW Limited	Ordinary	100 %	Not trading

8. INVESTMENT PROPERTY

Group

	Total £
FAIR VALUE	
At 1 January 2017 and 31 December 2017	<u>500,000</u>
NET BOOK VALUE	
At 31 December 2017	<u>500,000</u>
At 31 December 2016	<u>500,000</u>

SPEARMINT RHINO VENTURES (UK) LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017**

8. INVESTMENT PROPERTY - continued

Group

Fair value at 31 December 2017 is represented by:

	£
Valuation in 2008	166,306
Valuation in 2016	125,000
Cost	208,694
	<u>500,000</u>

The 2017 valuations were made by the directors, on an open market value for existing use basis.

Company

	Total £
FAIR VALUE	
At 1 January 2017	
and 31 December 2017	<u>500,000</u>
NET BOOK VALUE	
At 31 December 2017	<u>500,000</u>
At 31 December 2016	<u>500,000</u>

9. DEBTORS

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	95,706	80,248	4,482	4,101
Amounts owed by group undertakings	-	-	24,990	3,110,967
Other debtors	5,700	5,926	-	-
Corporation tax recoverable	-	7,676	-	7,676
VAT	-	1,838	-	1,838
Prepayments	158,546	164,692	7,884	1,776
	<u>259,952</u>	<u>260,380</u>	<u>37,356</u>	<u>3,126,358</u>
Amounts falling due after more than one year:				
Other debtors	130,000	130,000	-	-
	<u>130,000</u>	<u>130,000</u>	<u>-</u>	<u>-</u>
Aggregate amounts	<u>389,952</u>	<u>390,380</u>	<u>37,356</u>	<u>3,126,358</u>

SPEARMINT RHINO VENTURES (UK) LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017**

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Bank loans and overdrafts	304,744	446,114	-	-
Trade creditors	349,434	405,133	51,072	6,460
Amounts owed to group undertakings	-	-	838,975	2,739,659
Amounts owed to related parties	4,917,300	4,845,635	4,102,378	3,988,180
Corporation tax	28,509	1,614	(87)	-
Other taxes and social security	212,424	185,834	23,562	21,914
Other creditors	83,625	64,541	-	-
Accruals and deferred income	48,500	47,000	8,730	8,460
	<u>5,944,536</u>	<u>5,995,871</u>	<u>5,024,630</u>	<u>6,764,673</u>

11. RESERVES

	Retained earnings	Revaluation reserve	Capital contribution reserve	Totals
	£	£	£	£
At 1 January 2017	(4,935,120)	1,714,933	600,000	(2,619,187)
Profit for the year	98,338	-	-	98,338
Transfer between reserves	30,332	(30,332)	-	-
Deferred tax on revaluation	-	30,330	-	30,330
At 31 December 2017	<u>(4,806,450)</u>	<u>1,714,931</u>	<u>600,000</u>	<u>(2,490,519)</u>

The transfer between reserves is made up of the following items:

	£
Deferred tax movement on investment property	2,271
Transfer of excess depreciation on leasehold property	28,061
	<u>30,332</u>

12. RELATED PARTY DISCLOSURES

At the balance sheet date, the company owed £6,510 (2016 - £32,964) to J Gray, the ultimate controlling party.

Directors' remuneration totalled £112,675 (2016 - £107,500).

There was £304,000 (2016 - £304,000) paid to The Spearmint Rhino Companies Worldwide Inc., in respect of interest bearing loans.