

REGISTERED NUMBER: 04044477 (England and Wales)

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
FOR
STONEHENGE HOTELS LIMITED**

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FOR THE YEAR ENDED 31 DECEMBER 2018**

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STONEHENGE HOTELS LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2018

DIRECTORS:

J P Levy
N S Rubin
M D Rubin
J D Levy

REGISTERED OFFICE:

Greenhill House
90/93 Cowcross Street
London
EC1M 6BF

REGISTERED NUMBER:

04044477 (England and Wales)

AUDITORS:

Goldwyns Limited
Statutory Auditors
Chartered Accountants
Rutland House
90-92 Baxter Avenue
Southend on Sea
Essex
SS2 6HZ

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

The directors present their strategic report for the year ended 31 December 2018.

REVIEW OF BUSINESS

The results for the year show revenues generated of £3,576,010 (2017 - £3,391,873) and a resultant profit before tax of £388,446 (2017 - £(41,882)).

In the opinion of the directors the results for the year exceeded their expectations.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risk to the business is inadequate occupancy of its available rooms and therefore an inability to generate sufficient revenues to service operations. The directors closely monitor the company's performance against similar companies operating in comparable markets and respond accordingly.

Furthermore, the company is susceptible to any loss in key members of operational staff and therefore operates a number of performance reward and incentive programmes to mitigate these risks.

ON BEHALF OF THE BOARD:

J D Levy - Director

25 September 2019

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2018**

The directors present their report with the financial statements of the company for the year ended 31 December 2018.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2018.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2018 to the date of this report.

J P Levy
N S Rubin
M D Rubin
J D Levy

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, 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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 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.

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 company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Goldwyns Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

J D Levy - Director

25 September 2019

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF STONEHENGE HOTELS LIMITED

Opinion

We have audited the financial statements of Stonehenge Hotels Limited (the 'company') for the year ended 31 December 2018 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity 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 company's affairs as at 31 December 2018 and of its 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 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 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 in the Strategic Report and 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, 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.

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF STONEHENGE HOTELS LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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.

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.

S Blundell ACA (Senior Statutory Auditor)
for and on behalf of Goldwyns Limited
Statutory Auditors
Chartered Accountants
Rutland House
90-92 Baxter Avenue
Southend on Sea
Essex
SS2 6HZ

25 September 2019

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

| | Notes | 2018 £ | 2017 £ |
|---------------------------------------------|-------|------------------|------------------|
| TURNOVER | | 3,576,010 | 3,391,873 |
| Cost of sales | | <u>1,771,222</u> | <u>1,679,415</u> |
| GROSS PROFIT | | 1,804,788 | 1,712,458 |
| Administrative expenses | | <u>1,174,660</u> | <u>1,742,222</u> |
| OPERATING PROFIT/(LOSS) | 4 | 630,128 | (29,764) |
| Interest receivable and similar income | | <u>15</u> | <u>1</u> |
| | | 630,143 | (29,763) |
| Interest payable and similar expenses | 5 | <u>241,697</u> | <u>12,119</u> |
| PROFIT/(LOSS) BEFORE TAXATION | | 388,446 | (41,882) |
| Tax on profit/(loss) | 6 | <u>20,300</u> | <u>-</u> |
| PROFIT/(LOSS) FOR THE FINANCIAL YEAR | | <u>368,146</u> | <u>(41,882)</u> |

The notes form part of these financial statements

OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

| | Notes | 2018 £ | 2017 £ |
|--------------------------------------------|-------|----------------|-----------------|
| PROFIT/(LOSS) FOR THE YEAR | | 368,146 | (41,882) |
| OTHER COMPREHENSIVE INCOME | | <u>-</u> | <u>-</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | <u>368,146</u> | <u>(41,882)</u> |

BALANCE SHEET
31 DECEMBER 2018

| | Notes | 2018 £ | £ | 2017 £ | £ |
|----------------------------------------------|-------|------------------|------------------|------------------|--------------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 7 | | 9,406,528 | | 9,670,580 |
| CURRENT ASSETS | | | | | |
| Stocks | 8 | 13,397 | | 13,248 | |
| Debtors | 9 | 952,369 | | 97,962 | |
| Cash at bank and in hand | | <u>61,716</u> | | <u>78,166</u> | |
| | | 1,027,482 | | 189,376 | |
| CREDITORS | | | | | |
| Amounts falling due within one year | 10 | <u>1,907,153</u> | | <u>1,761,713</u> | |
| NET CURRENT LIABILITIES | | | <u>(879,671)</u> | | <u>(1,572,337)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 8,526,857 | | 8,098,243 |
| CREDITORS | | | | | |
| Amounts falling due after more than one year | 11 | | (8,752,287) | | (8,712,119) |
| PROVISIONS FOR LIABILITIES | 14 | | <u>(20,300)</u> | | <u>-</u> |
| NET LIABILITIES | | | <u>(245,730)</u> | | <u>(613,876)</u> |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 15 | | 2 | | 2 |
| Retained earnings | 16 | | <u>(245,732)</u> | | <u>(613,878)</u> |
| SHAREHOLDERS' FUNDS | | | <u>(245,730)</u> | | <u>(613,876)</u> |

The financial statements were approved by the Board of Directors on 25 September 2019 and were signed on its behalf by:

J D Levy - Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

| | Called up share capital £ | Retained earnings £ | Total equity £ |
|------------------------------------|------------------------------------|---------------------------|----------------------|
| Balance at 1 January 2017 | 2 | (571,996) | (571,994) |
| Changes in equity | | | |
| Total comprehensive income | - | (41,882) | (41,882) |
| Balance at 31 December 2017 | <u>2</u> | <u>(613,878)</u> | <u>(613,876)</u> |
| Changes in equity | | | |
| Total comprehensive income | - | 368,146 | 368,146 |
| Balance at 31 December 2018 | <u>2</u> | <u>(245,732)</u> | <u>(245,730)</u> |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

1. **STATUTORY INFORMATION**

Stonehenge Hotels 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 Company Information page.

The company trades from its leased property in Amesbury, Wiltshire.

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

These financial statements have been prepared in accordance with 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.

Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows.

Turnover

Turnover represents the income receivable by the company from its trading activities as a hotel. Sales encompass room hire, food and beverage income and all other associated ancillary hotel and guest services. Turnover is recognised in the period in which the physical goods are sold, as services are performed or otherwise as entitlement accrues to the company.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Leasehold property - in accordance with the property
Equipment - 20% on reducing balance

With effect from the 1 January 2017 the company's depreciation policy for equipment was changed from 10% on a reducing balance basis.

3. **EMPLOYEES AND DIRECTORS**

| | 2018 | 2017 |
|-----------------------|------------------|------------------|
| | £ | £ |
| Wages and salaries | 978,348 | 973,389 |
| Social security costs | 64,742 | 68,357 |
| Other pension costs | 16,945 | 11,674 |
| | <u>1,060,035</u> | <u>1,053,420</u> |

The average number of employees during the year was as follows:

| | 2018 | 2017 |
|-------------------------|-----------|---------------|
| Staff | 70 | 70 |
| Directors | <u>4</u> | <u>1</u> |
| | <u>74</u> | <u>71</u> |
| | 2018 | 2017 |
| | £ | £ |
| Directors' remuneration | <u>-</u> | <u>45,833</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

4. OPERATING PROFIT/(LOSS)

The operating profit (2017 - operating loss) is stated after charging:

| | 2018 £ | 2017 £ |
|---------------------------------------------------------------------|--------------|-----------|
| Other operating leases | - | 628,004 |
| Depreciation - owned assets | 196,803 | 294,593 |
| Depreciation - assets on hire purchase contracts and finance leases | 119,319 | 8,556 |
| Auditors' remuneration | 15,500 | 6,500 |
| Audit remuneration - other non-audit services | <u>5,700</u> | <u>-</u> |

5. INTEREST PAYABLE AND SIMILAR EXPENSES

| | 2018 £ | 2017 £ |
|------------------|----------------|---------------|
| Leasing interest | <u>241,697</u> | <u>12,119</u> |

6. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

| | 2018 £ | 2017 £ |
|----------------------|---------------|-----------|
| Deferred tax | <u>20,300</u> | <u>-</u> |
| Tax on profit/(loss) | <u>20,300</u> | <u>-</u> |

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

| | 2018 £ | 2017 £ |
|------------------------------------------------------------------------------------------------|-----------------|-----------------|
| Profit/(loss) before tax | <u>388,446</u> | <u>(41,882)</u> |
| Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19%) | 73,805 | (7,958) |
| Effects of: | | |
| Expenses not deductible for tax purposes | 19,504 | 16,059 |
| Brought forward provisions not recognised | <u>(73,009)</u> | <u>(8,101)</u> |
| Total tax charge | <u>20,300</u> | <u>-</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

7. TANGIBLE FIXED ASSETS

| | Leasehold property £ | Equipment £ | Totals £ |
|-----------------------|----------------------------|----------------|-------------|
| COST | | | |
| At 1 January 2018 | 8,862,436 | 1,711,916 | 10,574,352 |
| Additions | - | 52,070 | 52,070 |
| At 31 December 2018 | 8,862,436 | 1,763,986 | 10,626,422 |
| DEPRECIATION | | | |
| At 1 January 2018 | 170,992 | 732,780 | 903,772 |
| Charge for year | 102,667 | 213,455 | 316,122 |
| At 31 December 2018 | 273,659 | 946,235 | 1,219,894 |
| NET BOOK VALUE | | | |
| At 31 December 2018 | 8,588,777 | 817,751 | 9,406,528 |
| At 31 December 2017 | 8,691,444 | 979,136 | 9,670,580 |

On 13 December 2017, the company entered into an agreement to lease the property from which it trades for a period of 150 years. This lease therefore amounts to a financing lease, as the company will derive benefit from the property throughout its useful life, and has been recognised accordingly.

The property interest is being depreciated over 75 years.

Fixed assets, included in the above, which are held under hire purchase contracts and finance leases are as follows:

| | Leasehold property £ | Equipment £ | Totals £ |
|-----------------------|----------------------------|----------------|-------------|
| COST | | | |
| At 1 January 2018 | 8,700,000 | - | 8,700,000 |
| Additions | - | 46,114 | 46,114 |
| At 31 December 2018 | 8,700,000 | 46,114 | 8,746,114 |
| DEPRECIATION | | | |
| At 1 January 2018 | 8,556 | - | 8,556 |
| Charge for year | 102,667 | 16,652 | 119,319 |
| At 31 December 2018 | 111,223 | 16,652 | 127,875 |
| NET BOOK VALUE | | | |
| At 31 December 2018 | 8,588,777 | 29,462 | 8,618,239 |
| At 31 December 2017 | 8,691,444 | - | 8,691,444 |

8. STOCKS

| | 2018 £ | 2017 £ |
|--------|-----------|-----------|
| Stocks | 13,397 | 13,248 |

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

9. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

| | 2018 | 2017 |
|------------------------------------|----------------|---------------|
| | £ | £ |
| Trade debtors | 53,801 | 31,326 |
| Amounts owed by group undertakings | 696,926 | - |
| Other debtors | 116,836 | 6,836 |
| Prepayments | 84,806 | 59,800 |
| | <u>952,369</u> | <u>97,962</u> |

10. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

| | 2018 | 2017 |
|----------------------------------------------------------|------------------|------------------|
| | £ | £ |
| Hire purchase contracts and finance leases (see note 12) | 15,222 | - |
| Trade creditors | 174,235 | 64,262 |
| Amounts owed to group undertakings | 600,000 | 680,727 |
| Social security and other taxes | 135,909 | 143,345 |
| Other creditors | 196,523 | 92,501 |
| Accrued expenses | 785,264 | 780,878 |
| | <u>1,907,153</u> | <u>1,761,713</u> |

11. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

| | 2018 | 2017 |
|----------------------------------------------------------|------------------|------------------|
| | £ | £ |
| Hire purchase contracts and finance leases (see note 12) | <u>8,752,287</u> | <u>8,712,119</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

12. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

| | Hire purchase contracts | | Finance leases | |
|------------------------------|-------------------------|----------|-------------------|-------------------|
| | 2018 | 2017 | 2018 | 2017 |
| | £ | £ | £ | £ |
| Gross obligations repayable: | | | | |
| Within one year | 18,773 | - | 245,777 | 245,861 |
| Between one and five years | 18,015 | - | 995,868 | 1,004,863 |
| In more than five years | - | - | 57,111,417 | 57,499,358 |
| | <u>36,788</u> | <u>-</u> | <u>58,353,062</u> | <u>58,750,082</u> |
| Finance charges repayable: | | | | |
| Within one year | 3,551 | - | 245,777 | 245,861 |
| Between one and five years | 1,830 | - | 995,868 | 1,004,863 |
| In more than five years | - | - | 48,375,315 | 48,787,239 |
| | <u>5,381</u> | <u>-</u> | <u>49,616,960</u> | <u>50,037,963</u> |
| Net obligations repayable: | | | | |
| Within one year | 15,222 | - | - | - |
| Between one and five years | 16,185 | - | - | - |
| In more than five years | - | - | 8,736,102 | 8,712,119 |
| | <u>31,407</u> | <u>-</u> | <u>8,736,102</u> | <u>8,712,119</u> |

On 13 December 2017, the company entered into an agreement to lease the property from which it trades for a period of 150 years. This transaction amounts to a finance lease and has been recognised accordingly. The company is liable for an annual rent of £170,000 per annum, subject to an annual increase as determined by any changes in the retail price index but subject to a minimum of 1% and a maximum of 4%.

Throughout the initial period of the lease the annual interest arising will exceed the rental repayments due and therefore the company's recognised finance liability will continue to increase.

13. SECURED DEBTS

The following secured debts are included within creditors:

| | 2018 | 2017 |
|--------------------------------------------|------------------|------------------|
| | £ | £ |
| Hire purchase contracts and finance leases | <u>8,767,509</u> | <u>8,712,119</u> |

The company has given fixed and floating charges over all of its assets (including its interests in the leasehold property, its tangible fixed assets and all debtors) in support of the bank and financing liabilities of other members of its group.

Hire purchase contracts and finance lease liabilities are secured on the assets to which they relate.

14. PROVISIONS FOR LIABILITIES

| | 2018 | 2017 |
|--------------|---------------|----------|
| | £ | £ |
| Deferred tax | <u>20,300</u> | <u>-</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

14. **PROVISIONS FOR LIABILITIES - continued**

| | |
|-----------------------------|---------------|
| | Deferred tax |
| | £ |
| Provided during year | 20,300 |
| Balance at 31 December 2018 | <u>20,300</u> |

Deferred tax provisions represent the timing differences arising on accelerated capital allowance reliefs available in excess of accounting depreciation, less cumulative losses carried forward.

15. **CALLED UP SHARE CAPITAL**

| | | | | |
|----------------------------------|----------|----------------|----------|----------|
| Allotted, issued and fully paid: | | | | |
| Number: | Class: | Nominal value: | 2018 | 2017 |
| | | | £ | £ |
| 2 | Ordinary | £1 | <u>2</u> | <u>2</u> |

16. **RESERVES**

| | |
|---------------------|-------------------|
| | Retained earnings |
| | £ |
| At 1 January 2018 | (613,878) |
| Profit for the year | 368,146 |
| At 31 December 2018 | <u>(245,732)</u> |

17. **PENSION COMMITMENTS**

The company operates a defined contribution scheme in respect of its eligible employees. During the year, total contributions to this scheme amounted to £16,945 (2017 - £11,674). At the balance sheet date the total contributions outstanding amounted to £3,491 (2017 - £3,690).

18. **RELATED PARTY DISCLOSURES**

During the year the company's total compensation to key management personnel (including directors) amounted to £70,918 (2017 - £115,840).

The company also utilises management services by a company under common control. During the year total costs arising for these management services amounted to £118,760 (2017 - £nil). At the balance sheet date £110,000 was owed by, and the company owed £110,000 to, other companies under common control (2017 - £nil and £nil respectively).

The company's entire issued share capital is owned by Lilac Limited, a company registered in Guernsey.

BGAM Hotels (SH) Limited is regarded by the directors as being the company's ultimate parent company.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018**

19. GOING CONCERN

The company's balance sheet shows a deficiency of net assets amounting to £245,730 (2017 - £613,876).

The directors do not consider these reported results to be indicative of a going concern issue however, as the majority of the company's short term creditors are owed to various group companies (from which continued support for the trading activity is forthcoming) and its financing liabilities are distorted by the long term implications of bargain lease entered into to secure the property's future benefit.

The financial statements are therefore drawn up under the historical cost convention and on a going concern basis.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.