

HAVANA WEST LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015



HAVANA WEST LIMITED

COMPANY INFORMATION

DIRECTORS

L L de Savary
M A Lutyens (resigned 26 August 2015)
I D Solkin

COMPANY SECRETARY

J Keefe

REGISTERED NUMBER

04448428

REGISTERED OFFICE

Minerva House
Lower Bristol Road
Bath
BA2 9ER

INDEPENDENT AUDITORS

Bishop Fleming Bath Limited
Chartered Accountants & Statutory Auditors
Minerva House
Lower Bristol Road
Bath
BA2 9ER

BANKERS

Coutts & Co
440 Strand
London
WC2R 0QS

HAVANA WEST LIMITED

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HAVANA WEST LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

PRINCIPAL ACTIVITY

The principal activity of the Group and Company during the year continued to be that of hoteliers and providers of general hospitality services including conference centres and leisure complexes, together with associated property activities.

On 16 April 2015 Havana West Limited acquired the Bradley Hotel operation for a consideration of £1.5m. See note 30 for further details.

On 1 September 2015 Havana West Limited acquired the entire share capital of Beachcroft Hotels Limited for a consideration of £1.8m. See note 30 for further details.

On 25 August 2015 Havana West Limited terminated its membership in Car Park Finance LLP. The impact of this is not considered significant to the Group.

BUSINESS REVIEW

The directors are satisfied with the performance for the year under review. The board has invested and continues to invest in the fabric of the business and are comfortable that the investment will show positive results for the future. Subsequent to the year end the Group disposed of one of its hotels for an approximate consideration of £8.4m.

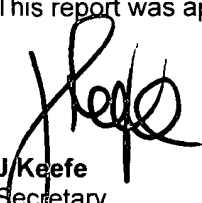
PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the Group's strategy are subject to a number of risks. The key business risks and uncertainties affecting the Group are, in common with other hotels in the sector, the general economic activity and perceived health of the economy.

FINANCIAL KEY PERFORMANCE INDICATORS

Given the straight forward nature of the business the directors are of the opinion that analysis using KPIs is of limited value. However the directors do monitor the hotel occupancy rates, turnover and gross and operating profit.

This report was approved by the board on **23 September 2016** and signed on its behalf.



J. Keefe
Secretary

HAVANA WEST LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their report and the financial statements for the year ended 31 December 2015.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £1,238,867 (2014: profit £812,746).

During the year no dividends were paid (2014: £nil)

DIRECTORS

The directors who served during the year were:

L L de Savary
M A Lutyens (resigned 26 August 2015)
I D Solkin

EMPLOYEE INVOLVEMENT

The Group's policy is to consult and discuss with employees matters likely to affect their interests.

Information on matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Group's performance.

DISABLED EMPLOYEES

The Group's policy is to recruit disabled staff for those vacancies that they are able to fill. All necessary assistance with training is given. Once employed, a career plan is developed so as to ensure that there are suitable opportunities within the Group for each disabled person. Where employees become disabled, then whenever possible arrangements are made for retraining them to perform work identified as appropriate to their aptitudes and abilities.

MATTERS COVERED IN THE STRATEGIC REPORT

The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 requires a Strategic Report to be prepared. Where mandatory disclosures in the Directors' Report are considered by the directors to be of strategic importance these have been included within the Strategic Report rather than the Directors' Report.

DISCLOSURE OF INFORMATION TO AUDITORS

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

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

POST BALANCE SHEET EVENTS

Subsequent to the year end the Group disposed of one of its hotels for an approximate consideration of £8.4m.

HAVANA WEST LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

GOING CONCERN

The directors, despite the Group having net current liabilities, have concluded that the Group's accounts should be prepared on a going concern basis. The directors have assessed the future trading and funding requirements concluding that all liabilities can be met as required. This assessment has included inquiry of shareholders and related parties to whom money is owed and they have confirmed ongoing support, stating that repayment will not be sought if detrimental to the going concern status of the Group.

AUDITORS

The auditors, Bishop Fleming Bath Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



J Keefe
Secretary

Date: 23 September 2016

Minerva House
Lower Bristol Road
Bath
BA2 9ER

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 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 judgments and 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 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 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.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HAVANA WEST LIMITED

We have audited the financial statements of Havana West Limited for the year ended 31 December 2015, set out on pages 7 to 39. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

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 2015 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.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Group strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

HAVANA WEST LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HAVANA WEST LIMITED

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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.



Simon Morrison FCA (Senior statutory auditor)
for and on behalf of

Bishop Fleming Bath Limited

Chartered Accountants

Statutory Auditors

Minerva House

Lower Bristol Road

Bath

BA2 9ER

Date:

29/9/2016

HAVANA WEST LIMITED**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	2015 £	2014 £
Turnover	4	8,761,770	8,176,430
Cost of sales		(3,903,756)	(3,351,497)
GROSS PROFIT		4,858,014	4,824,933
Administrative expenses		(6,938,165)	(5,109,973)
Loss on the disposal of an investment property		(68,397)	-
OPERATING LOSS	5	(2,148,548)	(285,040)
LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST		(2,148,548)	(285,040)
Interest receivable and similar income	8	1,015,717	1,508,829
Interest payable and expenses	9	(140,204)	(149,696)
(LOSS)/PROFIT BEFORE TAXATION		(1,273,035)	1,074,093
Tax on (loss)/profit	10	34,168	(261,347)
(LOSS)/PROFIT FOR THE YEAR		(1,238,867)	812,746
 TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(1,238,867)	812,746

There were no recognised gains and losses for 2015 or 2014 other than those included in the consolidated income statement.

The notes on pages 13 to 39 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	2015 £	2014 £
FIXED ASSETS			
Intangible assets	12	1,835,494	753,478
Tangible assets	14	19,421,647	15,342,163
Investment property	16	551,847	1,207,743
		<u>21,808,988</u>	<u>17,303,384</u>
CURRENT ASSETS			
Stocks	17	88,842	104,128
Debtors	18	10,908,476	19,972,559
Cash at bank and in hand	19	739,102	954,922
		<u>11,736,420</u>	<u>21,031,609</u>
Creditors: amounts falling due within one year	20	(24,159,298)	(28,117,355)
NET CURRENT LIABILITIES		<u>(12,422,878)</u>	<u>(7,085,746)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>9,386,110</u>	<u>10,217,638</u>
Creditors: amounts falling due after more than one year	21	(3,147,121)	(2,762,500)
PROVISIONS FOR LIABILITIES			
Deferred taxation	24	(88,854)	(66,136)
		<u>(88,854)</u>	<u>(66,136)</u>
NET ASSETS		<u>6,150,135</u>	<u>7,389,002</u>
CAPITAL AND RESERVES			
Called up share capital	25	11,942,330	11,942,330
Profit and loss account	26	(5,792,195)	(4,553,328)
		<u>6,150,135</u>	<u>7,389,002</u>

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


L L de Savary
Director

Date: 23 September 2016

The notes on pages 13 to 39 form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	2015 £	2014 £
FIXED ASSETS			
Goodwill	12	43,333	-
Tangible assets	14	12,485,844	10,395,250
Investments	15	6,572,961	4,815,641
Investment property	16	551,847	1,207,743
		<u>19,653,985</u>	<u>16,418,634</u>
CURRENT ASSETS			
Stocks	17	44,804	71,043
Debtors	18	11,487,396	20,007,184
Cash at bank and in hand	19	477,516	674,139
		<u>12,009,716</u>	<u>20,752,366</u>
Creditors: amounts falling due within one year	20	(22,414,791)	(27,233,006)
NET CURRENT LIABILITIES		<u>(10,405,075)</u>	<u>(6,480,640)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>9,248,910</u>	<u>9,937,994</u>
Creditors: amounts falling due after more than one year	21	(3,147,121)	(2,762,500)
NET ASSETS		<u><u>6,101,789</u></u>	<u><u>7,175,494</u></u>
CAPITAL AND RESERVES			
Called up share capital	25	11,942,330	11,942,330
Profit and loss account	26	(5,840,541)	(4,766,836)
		<u><u>6,101,789</u></u>	<u><u>7,175,494</u></u>

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

L L de Savary
Director

Date: 23 September 2016

The notes on pages 13 to 39 form part of these financial statements.

HAVANA WEST LIMITED**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Share capital £	Profit and loss account £	Total equity £
At 1 January 2015	11,942,330	(4,553,328)	7,389,002
Loss for the year	-	(1,238,867)	(1,238,867)
AT 31 DECEMBER 2015	11,942,330	(5,792,195)	6,150,135

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Share capital £	Profit and loss account £	Total equity £
At 1 January 2014	11,942,330	(5,366,074)	6,576,256
Profit for the year	-	812,746	812,746
AT 31 DECEMBER 2014	11,942,330	(4,553,328)	7,389,002

The notes on pages 13 to 39 form part of these financial statements.

HAVANA WEST LIMITED**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Share capital £	Profit and loss account £	Total equity £
At 1 January 2015	11,942,330	(4,766,836)	7,175,494
Loss for the year	-	(1,073,705)	(1,073,705)
AT 31 DECEMBER 2015	11,942,330	(5,840,541)	6,101,789

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Share capital £	Profit and loss account £	Total equity £
At 1 January 2014	11,942,330	(5,471,146)	6,471,184
Profit for the year	-	704,310	704,310
AT 31 DECEMBER 2014	11,942,330	(4,766,836)	7,175,494

The notes on pages 13 to 39 form part of these financial statements.

HAVANA WEST LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 £	2014 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the financial year	(1,238,867)	812,746
ADJUSTMENTS FOR:		
Amortisation of intangible assets	345,820	251,159
Depreciation of tangible assets	646,803	529,139
Loss on disposal of tangible assets	108,643	1,604
Increase in stocks	22,182	2,778
Interest paid	140,204	149,696
Interest received	(1,015,717)	(1,508,829)
Taxation charge	(34,168)	261,347
Increase in debtors	9,266,426	1,466,393
Increase in creditors	(667,999)	(326,730)
Corporation tax paid	(346,292)	(394,817)
NET CASH GENERATED FROM OPERATING ACTIVITIES	7,227,035	1,244,486
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible fixed assets	(50,000)	-
Purchase of tangible fixed assets	(3,417,582)	(771,955)
Sale of investment properties	587,500	-
Purchase of fixed asset investments	(618,970)	-
Interest received	1,015,717	1,508,829
Cash acquired on acquisition	263,608	-
NET CASH FROM INVESTING ACTIVITIES	(2,219,727)	736,874
CASH FLOWS FROM FINANCING ACTIVITIES		
New secured loans	560,621	-
Repayment of loans	(235,364)	(162,500)
Movement on other loans	(5,408,181)	(2,074,660)
Interest paid	(140,204)	(149,696)
NET CASH USED IN FINANCING ACTIVITIES	(5,223,128)	(2,386,856)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(215,820)	(405,496)
Cash and cash equivalents at beginning of year	954,922	1,360,418
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	739,102	954,922
CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:		
Cash at bank and in hand	739,102	954,922
	739,102	954,922

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

1. COMPANY INFORMATION

Havana West Limited is a limited liability company incorporated in England and Wales. The registered office is Minerva House, Lower Bristol Road, Bath, BA2 9ER. The nature of the Company and Group's operations and their principal activities are set out on page 2.

These financial statements are presented in £ sterling because that is the currency of the primary economic environment in which the Company and Group operates.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 31.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Company's accounting policies (see note 3).

2.2 GOING CONCERN

The directors, despite the Group having net current liabilities, have concluded that the Group accounts should be prepared on a going concern basis. The directors have assessed the future trading and funding requirements concluding that all liabilities can be met as required. This assessment has included inquiry of shareholders and related parties to whom money is owed and they have confirmed ongoing support, stating that repayment will not be sought if detrimental to the going concern status of the Group.

2.3 BASIS OF CONSOLIDATION

The consolidated financial statements present the results of Group and its own subsidiaries ("the Group") as they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the Group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 January 2015. Therefore, the Group continues to recognise a merger reserve which arose on a past business combination that was accounted for as a merger in accordance with UK GAAP as applied at that time.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

2. ACCOUNTING POLICIES (continued)

2.4 TURNOVER

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

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

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

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

2.5 INTANGIBLE ASSETS

GOODWILL

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Income statement over its useful economic life.

OTHER INTANGIBLE ASSETS

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

2. ACCOUNTING POLICIES (continued)

2.6 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using both the straight line method and reducing balance basis.

Depreciation is provided on the following basis:

Freehold property	- 50 years straight line
Plant and machinery	- 5 years straight line
Motor vehicles	- 25% reducing balance
Fixtures and fittings	- 25% reducing balance

2.7 OPERATING LEASES: LESSEE

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

2.8 INVESTMENT PROPERTY

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Income statement.

2.9 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment.

2.10 STOCKS

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.11 DEBTORS

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

2. ACCOUNTING POLICIES (continued)

2.12 CASH AND CASH EQUIVALENTS

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

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.13 FINANCIAL INSTRUMENTS

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

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

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

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an 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, which where appropriate is deemed to equate to amortised cost.

2.14 CREDITORS

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

2. ACCOUNTING POLICIES (continued)

2.15 FINANCE COSTS

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.16 PENSIONS

DEFINED CONTRIBUTION PENSION PLAN

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payments obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

2.17 INTEREST INCOME

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

2.18 BORROWING COSTS

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

2. ACCOUNTING POLICIES (continued)

2.19 CURRENT AND DEFERRED TAXATION

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.20 EXCEPTIONAL ITEMS

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

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

Within each fixed asset class, management allocates an appropriate depreciation rate for each asset based on their assessment of the assets useful economic life and expected residual value. These vary due to the differing nature of the assets.

Consolidated goodwill has been recognised on the acquisition of the share capital of The Parkway Hotel and Spa Limited in a previous accounting period and Beachcroft Hotels Limited in the current period. Consolidated goodwill is capitalised, classified as an asset on the Consolidated Statement of Financial Position and amortised on a straight line basis over the useful life. The amortisation rate is based upon the directors assessment of the assets' useful economic life and expected residual value.

Goodwill has also been recognised by the Company on the acquisition of trade and assets of The Bradley Hotel. Goodwill is capitalised, classified as an asset on the Statement of Financial Position and amortised on a straight line basis over the useful life. The amortisation rate is based upon the directors assessment of the assets useful economic life and expected residual value.

An analysis of turnover by class of business is as follows:

	2015 £	2014 £
United Kingdom	8,761,770	8,176,430
	<u>8,761,770</u>	<u>8,176,430</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**
5. OPERATING LOSS

The operating loss is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets	635,666	529,139
Amortisation of intangible assets	345,820	251,159
Auditors remuneration	23,325	16,475
Fees payable to the Group's auditor and its associates for the audit of the company's annual financial statements	4,800	4,395
Exchange differences	2,951	-
Operating lease rentals:		
- Plant and machinery	2,018	2,295
- Other operating leases	56,000	56,000
Defined contribution pension cost	10,602	2,764
Loss on the sale of tangible assets	40,262	1,604
	<u>635,666</u>	<u>529,139</u>

6. EMPLOYEES

Staff costs, including directors' remuneration, were as follows:

	2015 £	2014 £
Wages and salaries	3,261,930	2,790,350
Social security costs	224,697	159,076
Cost of defined contribution scheme	10,602	2,764
	<u>3,497,229</u>	<u>2,952,190</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2015 No.	2014 No.
Employees	278	222

7. DIRECTORS' REMUNERATION

	2015 £	2014 £
Directors' emoluments	108,411	75,000
Company contributions to defined contribution pension schemes	4,550	120
	<u>112,961</u>	<u>75,120</u>

During the year retirement benefits were accruing to 1 director (2014: 1) in respect of defined contribution pension schemes.

There were no key management other than the directors.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**
8. INTEREST RECEIVABLE

	2015 £	2014 £
Other interest receivable	1,015,717	1,508,829
	1,015,717	1,508,829

9. INTEREST PAYABLE AND SIMILAR CHARGES

	2015 £	2014 £
Bank interest payable	133,629	132,647
Other loan interest payable	6,575	15,425
Other interest payable	-	1,624
	140,204	149,696

10. TAXATION

	2015 £	2014 £
CORPORATION TAX		
Current tax on profits for the year	59,508	279,413
Adjustments in respect of previous periods	(113,056)	-
	(53,548)	279,413
TOTAL CURRENT TAX	(53,548)	279,413
DEFERRED TAX		
Origination and reversal of timing differences	19,380	(18,066)
TOTAL DEFERRED TAX	19,380	(18,066)
TAXATION ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES	(34,168)	261,347

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**
10. TAXATION (continued)**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is higher than (2014: higher than) the standard rate of corporation tax in the UK of 20.25% (2014: 21.49%). The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	(1,273,035)	1,074,093
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014: 21.49%)	(257,790)	230,823
EFFECTS OF:		
Expenses not deductible for tax purposes	73,554	66,422
Capital allowances for year in excess of depreciation	133,420	(18,970)
Utilisation of tax losses	87,797	-
Adjustments to tax charge in respect of prior periods	(113,057)	-
Other timing differences leading to an increase/(decrease) in taxation	22,528	1,138
Deferred tax charge/(credit)	19,380	(18,066)
TOTAL TAX CHARGE FOR THE YEAR	(34,168)	261,347

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The Company has significant trade and capital losses carried forward.

The 2016 budget on 16 March 2016 announced that the UK corporation tax rate will reduce to 19% by 2017 and then to 17% by 2020.

11. LOSS ON DISPOSAL OF AN INVESTMENT PROPERTY

	2015 £	2014 £
Loss on the disposal of an investment property	68,397	-
	68,397	-

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

12. INTANGIBLE ASSETS**Group**

Goodwill
£

COST

At 1 January 2015	1,255,796
Additions	50,000
On acquisition of subsidiaries	1,377,836
At 31 December 2015	<u>2,683,632</u>

AMORTISATION

At 1 January 2015	502,318
Charge for the year	345,820
At 31 December 2015	<u>848,138</u>

NET BOOK VALUE

At 31 December 2015	<u>1,835,494</u>
At 31 December 2014	<u>753,478</u>

During the year the Company acquired the entire share capital of Beachcroft Hotels Limited for a consideration of £1.8m. See note 31 for further details.

During the year the Company acquired the operations of the Bradley Hotel operations for a consideration of £1.5m. See note 31 for further details.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

12. INTANGIBLE ASSETS (continued)**Company**

	Goodwill
	£
COST	
Additions	50,000
At 31 December 2015	<u>50,000</u>
AMORTISATION	
Charge for the year	6,667
At 31 December 2015	<u>6,667</u>
NET BOOK VALUE	
At 31 December 2015	<u><u>43,333</u></u>
At 31 December 2014	<u><u>-</u></u>

13. PARENT COMPANY PROFIT FOR THE YEAR

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The loss after tax of the parent Company for the year was £1,073,705 (2014: profit £704,310).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

14. TANGIBLE FIXED ASSETS

Group

	Freehold property £	Long-term leasehold property £	Plant and machinery £	Fixtures and fittings £	Total £
COST OR VALUATION					
At 1 January 2015	10,637,454	4,427,492	1,363,791	2,074,944	18,503,681
Additions	2,064,029	922,177	431,376	-	3,417,582
Acquisition of subsidiary	1,255,519	-	93,432	-	1,348,951
Disposals	-	-	-	(216,595)	(216,595)
At 31 December 2015	13,957,002	5,349,669	1,888,599	1,858,349	23,053,619
DEPRECIATION					
At 1 January 2015	490,855	88,550	1,115,140	1,466,973	3,161,518
Charge owned for the period	185,401	100,131	228,307	121,827	635,666
Disposals	-	-	-	(165,212)	(165,212)
At 31 December 2015	676,256	188,681	1,343,447	1,423,588	3,631,972
NET BOOK VALUE					
At 31 December 2015	13,280,746	5,160,988	545,152	434,761	19,421,647
At 31 December 2014	10,146,599	4,338,942	248,651	607,971	15,342,163

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**
Company

	Freehold property £	Plant and machinery £	Total £
COST OR VALUATION			
At 1 January 2015	10,637,454	1,363,791	12,001,245
Additions	2,064,029	431,376	2,495,405
At 31 December 2015	12,701,483	1,795,167	14,496,650
DEPRECIATION			
At 1 January 2015	490,855	1,115,140	1,605,995
Charge owned for the period	179,662	225,149	404,811
At 31 December 2015	670,517	1,340,289	2,010,806
NET BOOK VALUE			
At 31 December 2015	12,030,966	454,878	12,485,844
At 31 December 2014	10,146,599	248,651	10,395,250

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

15. FIXED ASSET INVESTMENTS

SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
The Parkway Hotel and Spa Limited	United Kingdom	Ordinary	100 %	Operation of a hotel and conference centre with a leisure complex.
Beachcroft Hotels Limited	United Kingdom	Ordinary	100 %	Operation of a hotel.

Company

**Investments
in
subsidiary
companies
£**

COST OR VALUATION

At 1 January 2015	4,815,641
Additions	1,757,320

At 31 December 2015	6,572,961
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At 31 December 2015	-
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NET BOOK VALUE

At 31 December 2015	6,572,961
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At 31 December 2014	4,815,641
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See note 31 for details on the acquisition.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

16. INVESTMENT PROPERTY

Group

	Freehold investment property £
VALUATION	
At 1 January 2015	1,207,743
Disposals	(655,896)
AT 31 DECEMBER 2015	551,847

The 2015 valuations were made by the directors, on an open market value for existing use basis.

If the investment properties were sold at the values shown in the Financial Statements at the Statement of financial position date, there would be no tax liabilities. Currently the directors consider the future utilisation of any capital loss to be remote and as such have not recognised an associated deferred tax asset.

Company

	Freehold investment property £
VALUATION	
At 1 January 2015	1,207,743
Disposals	(655,896)
AT 31 DECEMBER 2015	551,847

The 2015 valuations were made by the directors, on an open market value for existing use basis.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

17. STOCKS

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Finished goods and goods for resale	88,842	104,128	44,804	71,043
	88,842	104,128	44,804	71,043

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Stock recognised in cost of sales during the year as an expense for the Group was £1,396,571 (2014: £1,345,981).

18. DEBTORS

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Due within one year				
Trade debtors	258,834	272,564	147,075	126,826
Amounts owed by group undertakings	-	-	817,415	438,080
Other debtors and loans	10,452,877	19,574,318	10,448,685	19,368,209
Prepayments and accrued income	196,765	125,677	74,221	74,069
	10,908,476	19,972,559	11,487,396	20,007,184

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

18. DEBTORS (continued)**Group*****Other debtors and loans***

There are no agreed repayment terms attached to the other debtors and loans and as such they are recognised as current assets.

Securities and interest rates attached to the loans are as follows:

- £7,775,386 (2014: £10,785,837) is secured by way of a legal charge over property held by Charter House Investments LLP, a related entity. Interest is accrued at 8%.
- £1,712,605 (2014: £1,712,605) due from Charter House Projects LLP, a related entity, is unsecured and accrues interest at 6%.

The remaining other debtors and loans are unsecured and interest free.

Company***Other debtors and loans***

There are no agreed repayment terms attached to the other debtors and loans and as such they are recognised as current assets.

Securities and interest rates attached to the loans are as follows:

- £7,775,386 (2014: £10,785,837) is secured by way of a legal charge over property held by Charter House Investments LLP, a related entity. Interest is accrued at 8%.
- £1,712,605 (2014: £1,712,605) due from Charter House Projects LLP, a related entity, is unsecured and accrues interest at 6%.
- £nil (2014: £800,000) is due from Car Park Finance LLP, a related entity, the balance is unsecured and accrues interest at 8%.

The remaining other debtors and loans are unsecured and interest free.

19. CASH AND CASH EQUIVALENTS

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Cash at bank and in hand	739,102	954,922	477,516	674,139
	739,102	954,922	477,516	674,139

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

20. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Bank loans	1,226,425	162,500	162,500	162,500
Other loans	20,139,774	25,547,955	20,139,774	25,547,958
Trade creditors	483,965	695,652	294,021	441,695
Amounts owed to group undertakings	-	-	133,101	-
Corporation tax	62,445	268,743	-	149,049
Taxation and social security	311,924	251,325	114,351	159,751
Other creditors	1,292,819	639,302	1,225,840	443,271
Accruals and deferred income	641,946	551,878	345,204	328,782
	<u>24,159,298</u>	<u>28,117,355</u>	<u>22,414,791</u>	<u>27,233,006</u>

The bank loan relates to two loans secured against assets of the Group, and interest is charged at a rate of 4.19% and 3.75% respectively.

There is no agreed repayment terms attached to the other loans and as such are deemed to be repayable on demand. However the directors do not expect to settle these debts in the foreseeable future if detrimental to the Group's ability to continue as a going concern.

Included within other loans is £14,234,421 (2014: £12,769,127) of unsecured and interest free loans due to the Group's shareholder's immediate family and other related entities. A balance of £5,905,353 (2014: £12,778,830) due to the Group's shareholder is included within other loans and security has been given over property held by the Company. The loan is interest free.

Other creditors includes £nil (2014: £200,000) of other loans which are unsecured and incur interest at 8%.

21. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Bank loans	3,147,121	2,762,500	3,147,121	2,762,500
	<u>3,147,121</u>	<u>2,762,500</u>	<u>3,147,121</u>	<u>2,762,500</u>

See note 22 for further details.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

22. LOANS

The scheduled repayments of the outstanding loans discussed in note 21 are as follows:

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Due within 1 year				
Bank loans	1,226,425	162,500	162,500	162,500
Other loans	20,139,774	25,547,955	20,139,774	25,547,958
	21,366,199	25,710,455	20,302,274	25,710,458
 Bank loans	 162,500	 162,500	 162,500	 162,500
	162,500	162,500	162,500	162,500
 Bank loans	 1,048,121	 487,500	 1,048,121	 487,500
	1,048,121	487,500	1,048,121	487,500
 Bank loans	 1,936,500	 2,112,500	 1,936,500	 2,112,500
	1,936,500	2,112,500	1,936,500	2,112,500

23. FINANCIAL INSTRUMENTS

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Financial assets measured at fair value through profit or loss	739,102	954,922	477,516	674,139
Financial assets that are debt instruments measured at amortised cost	10,526,085	19,827,316	11,223,869	19,913,549
	11,265,187	20,782,238	11,701,385	20,587,688
 Financial liabilities measured at amortised cost	 (15,948,179)	 (26,490,702)	 (14,474,984)	 (25,812,633)
	(15,948,179)	(26,490,702)	(14,474,984)	(25,812,633)

Financial assets measured at fair value through profit or loss comprise of cash and cash equivalents.

Financial assets measured at amortised cost comprise of trade debtors, group debtors, other debtors and loans, and accrued income.

Financial Liabilities measured at amortised cost comprise of bank loans, other secured loans, trade creditors, other creditors, accruals and bank loans due in more than one year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

24. DEFERRED TAXATION

Group

	2015 £	2014 £
At beginning of year	(66,136)	(84,202)
Charged to the profit or loss	(19,380)	18,066
Arising on business combinations	(3,338)	-
AT END OF YEAR	(88,854)	(66,136)

The provision for deferred taxation is made up as follows:

	Group 2015 £	Group 2014 £
Accelerated capital allowances	(88,854)	(66,136)
	(88,854)	(66,136)

25. SHARE CAPITAL

	2015 £	2014 £
ALLOTTED, CALLED UP AND FULLY PAID		
11,942,330 Ordinary shares of £1 each	11,942,330	11,942,330

26. RESERVES

Profit and loss account

The profit and loss account includes all current and prior period retained profits and losses.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**
27. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2015 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Not later than 1 year	60,250	56,902	3,348	-
Later than 1 year and not later than 5 years	230,785	225,252	6,417	-
Later than 5 years	5,100,667	5,100,667	-	-
Total	5,391,702	5,382,821	9,765	-

28. RELATED PARTY TRANSACTIONS

The Company has taken exemption under FRS102, Section 33 not to disclose transactions with group companies as they are presented in the consolidated accounts.

	2015 £	2014 £
Amounts due from subsidiaries	817,415	438,080
Amounts due to subsidiaries	(133,101)	-
Amounts due from companies under common ownership	9,937,988	18,464,769
Amounts due to companies under common ownership	(5,355,955)	(4,065,898)
Interest received from companies under common ownership	1,008,236	1,492,022
Purchases from companies under common ownership	(72,737)	(52,748)
Amounts due to shareholders	(14,890,657)	(20,713,057)
TOTAL	(8,688,811)	(4,436,832)

Key management personnel consist only of the directors, of which remuneration details are available in note 7 of the financial statements.

29. POST BALANCE SHEET EVENTS

Subsequent to the year end the Group disposed of one of its hotels for an approximate consideration of £8.4m.

30. CONTROLLING PARTY

The Group is legally controlled by L L de Savary by virtue of her shareholding.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

31. ACQUISITIONS AND DISPOSALS

Acquisition of Beachcroft Hotels Limited and Bradley Hotel

On 1 September 2015, the Company acquired the entire share capital of Beachcroft Hotels Limited for consideration totalling £1,757,320. Net assets totalling £474,910 were deemed to have been acquired, giving rise to goodwill of £1,282,410. The goodwill is being amortised over five years.

	Book value £	Fair value adjustment £	Fair value £
Tangible	1,418,127	-	1,418,127
	<u>1,418,127</u>	<u>-</u>	<u>1,418,127</u>
Stocks	6,842	-	6,842
Debtors	30,479	-	30,479
Cash at bank and in hand	263,608	-	263,608
TOTAL ASSETS	<u>1,719,056</u>	<u>-</u>	<u>1,719,056</u>
Creditors due within one year	(1,241,369)	-	(1,241,369)
Deferred tax on differences between fair value and tax bases	(2,777)	-	(2,777)
FAIR VALUE OF NET ASSETS	<u>474,910</u>	<u>-</u>	<u>474,910</u>
Goodwill	1,282,410	-	1,282,410
TOTAL PURCHASE CONSIDERATION	<u>1,757,320</u>	<u>-</u>	<u>1,757,320</u>
Purchase consideration settled in cash, as above	618,970	-	618,970
Other consideration	138,350	-	138,350
Monies due to the shareholder for settlement on behalf of the Company	1,000,000	-	1,000,000
CASH OUTFLOW ON ACQUISITION	<u>1,757,320</u>	<u>-</u>	<u>1,757,320</u>

Turnover in the period since acquisition totalled £355,616 for Beachcroft Hotels Limited, and the profit for the period since acquisition is £83,824.

On 16 April 2015, the Company acquired the trade and assets of the Bradley Hotel for consideration totalling £1,564,766. Assets with a book value and a fair value of £1.5 million were acquired. Goodwill of £50,000 arose on the acquisition. The goodwill is being amortised over five years.

HAVANA WEST LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

32. FIRST TIME ADOPTION OF FRS 102

Group

	As previously stated 1 January 2014 £	Effect of transition 1 January 2014 £	FRS 102 (as restated) 1 January 2014 £	As previously stated 31 December 2014 £	Effect of transition 31 December 2014 £	FRS 102 (as restated) 31 December 2014 £
Note						
Fixed assets	17,313,329	-	17,313,329	17,303,384	-	17,303,384
Current assets	21,645,954	-	21,645,954	21,469,692	-	21,469,692
Creditors: amounts falling due within one year	(2,670,107)	(26,503,718)	(29,173,825)	(7,842,380)	(20,713,058)	(28,555,438)
NET CURRENT LIABILITIES	18,975,847	(26,503,718)	(7,527,871)	13,627,312	(20,713,058)	(7,085,746)
Total assets less current liabilities	36,289,176	(26,503,718)	9,785,458	30,930,696	(20,713,058)	10,217,638
Creditors: amounts falling due after more than one year	(29,628,718)	26,503,718	(3,125,000)	(23,475,558)	20,713,058	(2,762,500)
Provisions for liabilities	(84,202)	-	(84,202)	(66,136)	-	(66,136)
NET ASSETS	6,576,256	-	6,576,256	7,389,002	-	7,389,002
Capital and reserves	6,576,256	-	6,576,256	7,389,002	-	7,389,002

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

32. FIRST TIME ADOPTION OF FRS 102 (continued)

	As previously stated 31 December 2014 £	Effect of transition 31 December 2014 £	FRS 102 (as restated) 31 December 2014 £
Note			
Turnover	8,176,430	-	8,176,430
Cost of sales	(3,351,497)	-	(3,351,497)
	<u>4,824,933</u>	<u>-</u>	<u>4,824,933</u>
Administrative expenses	(5,109,973)	-	(5,109,973)
	<u>(285,040)</u>	<u>-</u>	<u>(285,040)</u>
Operating profit			
Interest receivable and similar income	1,508,829	-	1,508,829
Interest payable and similar charges	(149,696)	-	(149,696)
Taxation	(261,347)	-	(261,347)
	<u>812,746</u>	<u>-</u>	<u>812,746</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND FOR THE FINANCIAL YEAR			
	<u>812,746</u>	<u>-</u>	<u>812,746</u>

Explanation of changes to previously reported profit and equity:

- 1 There are no agreed repayment terms attached to debtors and creditors and so are deemed to be repayable on demand. Therefore they have been restated to current assets and liabilities to give a true and fair representation of the legal form.

HAVANA WEST LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

32. FIRST TIME ADOPTION OF FRS 102 (continued)

Company

	Note	As previously stated 1 January 2014 £	Effect of transition 1 January 2014 £	FRS 102 (as restated) 1 January 2014 £	As previously stated 31 December 2014 £	Effect of transition 31 December 2014 £	FRS 102 (as restated) 31 December 2014 £
Fixed assets		16,288,742	-	16,288,742	16,418,634	-	16,418,634
Current assets		22,900,204	-	22,900,204	20,752,366	-	20,752,366
Creditors: amounts falling due within one year		(3,289,046)	(26,503,718)	(29,792,764)	(6,519,948)	(20,713,058)	(27,233,006)
NET CURRENT LIABILITIES		19,611,158	(26,503,718)	(6,892,560)	14,232,418	(20,713,058)	(6,480,640)
Total assets less current liabilities		35,899,900	(26,503,718)	9,396,182	30,651,052	(20,713,058)	9,937,994
Creditors: amounts falling due after more than one year		(29,428,718)	26,503,718	(2,925,000)	(23,475,558)	20,713,058	(2,762,500)
NET ASSETS		6,471,182	-	6,471,182	7,175,494	-	7,175,494
Capital and reserves		6,471,182	-	6,471,182	7,175,494	-	7,175,494

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

32. FIRST TIME ADOPTION OF FRS 102 (continued)

	As previously stated 31 December 2014 £	Effect of transition 31 December 2014 £	FRS 102 (as restated) 31 December 2014 £
Note			
Turnover	4,650,787	-	4,650,787
Cost of sales	(2,636,221)	-	(2,636,221)
	<u>2,014,566</u>	<u>-</u>	<u>2,014,566</u>
Administrative expenses	(2,520,864)	-	(2,520,864)
	<u>(506,298)</u>	<u>-</u>	<u>(506,298)</u>
Operating profit			
Interest receivable and similar income	1,492,304	-	1,492,304
Interest payable and similar charges	(132,647)	-	(132,647)
Taxation	(149,049)	-	(149,049)
	<u>704,310</u>	<u>-</u>	<u>704,310</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND FOR THE FINANCIAL YEAR			
	<u>704,310</u>	<u>-</u>	<u>704,310</u>

Explanation of changes to previously reported profit and equity:

- 1 There are no agreed repayment terms attached to debtors and creditors and so are deemed to be repayable on demand. Therefore they have been restated to current assets and liabilities to give a true and fair representation of the legal form.