

Registered number: 04448428

# **HAVANA WEST LIMITED**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

FRIDAY



\*A7FF70Z7\*

A49

28/09/2018

#191

COMPANIES HOUSE

# **HAVANA WEST LIMITED**

## **COMPANY INFORMATION**

---

### **DIRECTORS**

L L de Savary  
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**

## **CONTENTS**

---

	Page
<b>Group Strategic Report</b>	<b>1</b>
<b>Directors' Report</b>	<b>2 - 3</b>
<b>Directors' Responsibilities Statement</b>	<b>4</b>
<b>Independent Auditors' Report</b>	<b>5 - 7</b>
<b>Consolidated Statement of Comprehensive Income</b>	<b>8</b>
<b>Consolidated Statement of Financial Position</b>	<b>9</b>
<b>Company Statement of Financial Position</b>	<b>10</b>
<b>Consolidated Statement of Changes in Equity</b>	<b>11</b>
<b>Company Statement of Changes in Equity</b>	<b>12</b>
<b>Consolidated Statement of Cash Flows</b>	<b>13 - 14</b>
<b>Notes to the Financial Statements</b>	<b>15 - 36</b>

## **HAVANA WEST LIMITED**

### **GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017**

---

#### **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.

#### **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.

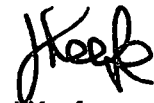
#### **PRINCIPAL RISKS AND UNCERTAINTIES**

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 and signed on its behalf.



J. Keefe  
Secretary

Date: 20 September 2018

## **HAVANA WEST LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017**

---

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

#### **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £4,918 (2016: £557,559).

During the year no dividends were paid (2016: £Nil). The directors do not recommend the payment of a final dividend.

#### **DIRECTORS**

The directors who served during the year were:

L L de Savary  
I D Solkin

#### **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 the director is aware, there is no relevant audit information of which the company and the Group's auditors are unaware, and
- the 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**

There have been no significant events affecting the group since the year end.

#### **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.

HAVANA WEST LIMITED

DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017

---

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



J Keefe  
Secretary

Date: 20 September 2018

Minerva House  
BA2 9ER

## HAVANA WEST LIMITED

### DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

---

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.

## HAVANA WEST LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAVANA WEST LIMITED

---

#### OPINION

We have audited the financial statements of Havana West Limited (the 'parent company') and its subsidiaries (the 'Group') for the year ended 31 December 2017, which comprise the Group Statement of Comprehensive Income, the Group and company Statements of Financial Position, the Group Statement of Cash Flows, the Group and company Statement of Changes in Equity and the related notes, 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's affairs as at 31 December 2017 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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 United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### CONCLUSIONS RELATING TO GOING CONCERN

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

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

#### OTHER INFORMATION

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

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



## **HAVANA WEST LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAVANA WEST LIMITED (CONTINUED)**

---

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

#### **MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

In the light of 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 Group Strategic Report or the Directors' Report.

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

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

#### **RESPONSIBILITIES OF DIRECTORS**

As explained more fully in the Directors' Responsibilities Statement on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **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 an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

HAVANA WEST LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAVANA WEST LIMITED (CONTINUED)

---

USE OF OUR REPORT

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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.



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: 28 / 9 / 2018

# HAVANA WEST LIMITED

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	Continuing operations 2017 £	Discontinued operations 2017 £	Total 2017 £	Continuing operations 2016 £	Discontinued operations 2016 £	Total 2016 £
Turnover	4	7,782,651	-	7,782,651	5,333,099	3,328,149	8,661,248
Cost of sales		(2,817,258)	-	(2,817,258)	(1,522,835)	(2,074,435)	(3,597,270)
<b>Gross profit</b>		<b>4,965,393</b>	<b>-</b>	<b>4,965,393</b>	<b>3,810,264</b>	<b>1,253,714</b>	<b>5,063,978</b>
Administrative expenses		(5,610,481)	-	(5,610,481)	(5,885,250)	(1,567,465)	(7,452,715)
Exceptional income/(cost s)		-	-	-	2,269,514	-	2,269,514
<b>Operating loss</b>	5	<b>(645,088)</b>	<b>-</b>	<b>(645,088)</b>	<b>194,528</b>	<b>(313,751)</b>	<b>(119,223)</b>
Interest receivable	8	861,056	-	861,056	760,247	-	760,247
Interest payable	9	(163,298)	-	(163,298)	(148,334)	-	(148,334)
<b>Profit before taxation</b>		<b>52,670</b>	<b>-</b>	<b>52,670</b>	<b>806,441</b>	<b>(313,751)</b>	<b>492,690</b>
Tax on profit	10	(47,752)	-	(47,752)	64,869	-	64,869
<b>Profit for the financial year</b>		<b>4,918</b>	<b>-</b>	<b>4,918</b>	<b>871,310</b>	<b>(313,751)</b>	<b>557,559</b>

There was no other comprehensive income for 2017 (2016:£NIL).

The notes on pages 15 to 36 form part of these financial statements.

**HAVANA WEST LIMITED**  
**REGISTERED NUMBER:04448428**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2017**

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Intangible assets	13	1,192,057	1,443,303
Tangible assets	14	15,581,809	15,067,522
Investment property	16	850,357	850,357
		<u>17,624,223</u>	<u>17,361,182</u>
<b>Current assets</b>			
Stocks	17	2,831,171	410,219
Debtors: amounts falling due within one year	18	12,374,231	11,439,958
Cash at bank and in hand	19	1,602,433	371,815
		<u>16,807,835</u>	<u>12,221,992</u>
Creditors: amounts falling due within one year	20	<u>(26,219,329)</u>	<u>(21,239,938)</u>
<b>Net current liabilities</b>		<u>(9,411,494)</u>	<u>(9,017,946)</u>
<b>Total assets less current liabilities</b>		<u>8,212,729</u>	<u>8,343,236</u>
Creditors: amounts falling due after more than one year	21	(1,388,148)	(1,475,370)
<b>Provisions for liabilities</b>			
Deferred taxation	24	<u>(111,967)</u>	<u>(160,172)</u>
		<u>(111,967)</u>	<u>(160,172)</u>
<b>Net assets</b>		<u><u>6,712,614</u></u>	<u><u>6,707,694</u></u>
<b>Capital and reserves</b>			
Called up share capital	25	11,942,332	11,942,330
Profit and loss account	26	<u>(5,229,718)</u>	<u>(5,234,636)</u>
		<u><u>6,712,614</u></u>	<u><u>6,707,694</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: **20 September 2018**

The notes on pages 15 to 36 form part of these financial statements.

**HAVANA WEST LIMITED**  
**REGISTERED NUMBER:04448428**

**COMPANY STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2017**

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Intangible assets	13	23,333	33,333
Tangible assets	14	8,014,443	8,491,068
Investments	15	6,673,065	6,672,964
Investment property	16	551,847	551,847
		<u>15,262,688</u>	<u>15,749,212</u>
<b>Current assets</b>			
Stocks	17	1,119,918	21,685
Debtors: amounts falling due within one year	18	13,864,218	11,301,460
Cash at bank and in hand	19	1,151,777	99,178
		<u>16,135,913</u>	<u>11,422,323</u>
Creditors: amounts falling due within one year	20	(23,835,570)	(19,564,768)
<b>Net current liabilities</b>		<u>(7,699,657)</u>	<u>(8,142,445)</u>
<b>Total assets less current liabilities</b>		<u>7,563,031</u>	<u>7,606,767</u>
Creditors: amounts falling due after more than one year	21	(474,371)	(503,121)
<b>Net assets</b>		<u><u>7,088,660</u></u>	<u><u>7,103,646</u></u>
<b>Capital and reserves</b>			
Called up share capital	25	11,942,332	11,942,330
Profit and loss account brought forward		(4,838,684)	(5,840,541)
Loss/(profit) for the year		<u>(14,988)</u>	<u>1,001,857</u>
Profit and loss account carried forward		<u>(4,853,672)</u>	<u>(4,838,684)</u>
		<u><u>7,088,660</u></u>	<u><u>7,103,646</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: 20 September 2018

The notes on pages 15 to 36 form part of these financial statements.

**HAVANA WEST LIMITED****CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2017	11,942,330	(5,234,636)	6,707,694
Profit for the year	-	4,918	4,918
Shares issued during the year	2	-	2
<b>At 31 December 2017</b>	<b>11,942,332</b>	<b>(5,229,718)</b>	<b>6,712,614</b>

---

The notes on pages 15 to 36 form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016**

---

	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2016	11,942,330	(5,792,195)	6,150,135
Profit for the year	-	557,559	557,559
<b>At 31 December 2016</b>	<b>11,942,330</b>	<b>(5,234,636)</b>	<b>6,707,694</b>

---

The notes on pages 15 to 36 form part of these financial statements.

**HAVANA WEST LIMITED****COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	£	£	£
At 1 January 2017	11,942,330	(4,838,684)	7,103,646
Loss for the year	-	(14,988)	(14,988)
Shares issued during the year	2	-	2
<b>At 31 December 2017</b>	<b>11,942,332</b>	<b>(4,853,672)</b>	<b>7,088,660</b>

---

The notes on pages 15 to 36 form part of these financial statements.

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016**

---

	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	£	£	£
At 1 January 2016	11,942,330	(5,840,541)	6,101,789
Profit for the year	-	1,001,857	1,001,857
<b>At 31 December 2016</b>	<b>11,942,330</b>	<b>(4,838,684)</b>	<b>7,103,646</b>

---

The notes on pages 15 to 36 form part of these financial statements.

**HAVANA WEST LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017 £	2016 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	4,918	557,559
<b>Adjustments for:</b>		
Amortisation of intangible assets	291,247	513,589
Depreciation of tangible assets	846,844	950,901
Loss on disposal of tangible assets	(149,049)	21,880
Interest paid	163,298	148,334
Interest received	(861,056)	(760,247)
Taxation charge	47,752	(64,869)
(Increase)/decrease in stocks	(1,619,732)	22,182
(Increase) in debtors	(1,145,272)	(531,035)
Increase/(decrease) in creditors	1,261,476	(636,919)
(Decrease)/increase in amounts owed to participating ints	(436,822)	122,402
Corporation tax received	155,515	8,376
Profit on disposal of fixed assets	-	(2,269,514)
<b>Net cash generated from operating activities</b>	<b>(1,440,881)</b>	<b>(1,917,361)</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(40,001)	-
Purchase of tangible fixed assets	(2,659,345)	(2,427,003)
Sale of tangible fixed assets	638,609	-
Purchase of fixed asset investments	-	(100,003)
Interest received	861,056	760,247
Cash acquired on acquisition	-	76,710
Net cash inflow on disposal of fixed assets	-	9,797,634
<b>Net cash from investing activities</b>	<b>(1,199,681)</b>	<b>8,107,585</b>
<b>Cash flows from financing activities</b>		
Issue of ordinary shares	2	-
New secured loans	-	1,029,019
Repayment of loans	(248,106)	(1,299,289)
Other new loans	4,282,582	-
Repayment of other loans	-	(6,138,907)
Interest paid	(163,298)	(148,334)
<b>Net cash used in financing activities</b>	<b>3,871,180</b>	<b>(6,557,511)</b>



**HAVANA WEST LIMITED****CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017 £	2016 £
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,230,618</b>	<b>(367,287)</b>
Cash and cash equivalents at beginning of year	371,815	739,102
<b>Cash and cash equivalents at the end of year</b>	<b>1,602,433</b>	<b>371,815</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	1,602,433	371,815
	<b>1,602,433</b>	<b>371,815</b>

The notes on pages 15 to 36 form part of these financial statements.

## **HAVANA WEST LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

---

#### **1. GENERAL 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.

#### **2. ACCOUNTING POLICIES**

##### **2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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 Group accounting policies (see note 3).

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 following principal accounting policies have been applied:

##### **2.2 BASIS OF CONSOLIDATION**

The consolidated financial statements present the results of the company and its own subsidiaries ("the Group") as if they form 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.

##### **2.3 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.

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

---

**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 turnover 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 turnover can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- 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 Consolidated Statement of Comprehensive Income 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 ten years.

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

---

**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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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 the straight line method.

Depreciation is provided on the following basis:

Freehold property	- 2% Straight Line
Plant and machinery	- 20% Straight Line
Motor vehicles	- 20% Straight Line
Fixtures and fittings	- 20% Straight Line
Office equipment	- 20% Straight Line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

**2.7 INVESTMENT PROPERTY**

Investment property is carried at fair value determined annually by the directors 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 Consolidated Statement of Comprehensive Income.

**2.8 VALUATION OF INVESTMENTS**

Investments in subsidiaries are measured at cost less accumulated impairment.

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

---

**2. ACCOUNTING POLICIES (continued)**

**2.9 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.

Development costs are held at cost whilst development is still in progress

**2.10 DEBTORS**

Short term debtors are measured at transaction price, less any impairment. 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.

**2.11 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 Group's cash management.

**2.12 CREDITORS**

Short term creditors are measured at the transaction price. 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.

**2.13 FINANCIAL INSTRUMENTS**

The Group only enters into basic financial instrument 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 accounts receivable and payable, 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 and 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 the 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 Consolidated Statement of Comprehensive Income.

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

---

**2. ACCOUNTING POLICIES (continued)**

**2.13 FINANCIAL INSTRUMENTS (CONTINUED)**

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.

**2.14 OPERATING LEASES: LESSEE**

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

**2.15 FINANCE COSTS**

Finance costs are charged to the Consolidated 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 payment obligations.

The contributions are recognised as an expense in the Consolidated 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 Consolidated Statement of Comprehensive Income using the effective interest method.

**2.18 BORROWING COSTS**

All borrowing costs are recognised in the Consolidated Statement of Comprehensive Income in the year in which they are incurred.

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

---

**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 Consolidated Statement of Comprehensive Income, except that a charge 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.

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

3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION  
UNCERTAINTY

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

**Depreciation**

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.

**Goodwill and amortisation**

Consolidated goodwill has been recognised on the acquisition of subsidiary companies in both previous and the current accounting period. Consolidated goodwill is capitalised, classified as an asset on the Consolidated Statement of Financial Position and amortised on a straight line bases 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.

4. TURNOVER

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

	2017 £	2016 £
Hotel and Public House	7,782,651	8,661,248
	<u>7,782,651</u>	<u>8,661,248</u>

All turnover arose within the United Kingdom.



# HAVANA WEST LIMITED

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

### 5. OPERATING LOSS

The operating loss is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	854,278	950,865
Amortisation of intangible assets, including goodwill	291,247	523,589
Auditors' remuneration	23,000	21,250
Fees payable to the Group's auditor and its associates for the audit of the company's annual financial statements	5,700	5,700
Operating leases:	-	-
- Plant and machinery	2,019	1,800
- Land and buildings	60,287	62,647
Defined contribution pension cost	59,388	65,687
Exceptional items (note 12)	-	(2,269,514)

### 6. EMPLOYEES

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

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Wages and salaries	2,727,049	3,577,388	853,367	1,847,999
Social security costs	148,600	194,707	74,630	105,678
Cost of defined contribution scheme	59,388	65,687	48,535	55,300
	<u>2,935,037</u>	<u>3,837,782</u>	<u>976,532</u>	<u>2,008,977</u>

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

	2017 No.	2016 No.
Employees	<u>227</u>	<u>301</u>

**HAVANA WEST LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017****7. DIRECTORS' REMUNERATION**

	2017 £	2016 £
Directors' emoluments	127,500	172,336
Company contributions to defined contribution pension schemes	38,000	10,000
	<u>165,500</u>	<u>182,336</u>

During the year retirement benefits were accruing to 1 director (2016: 1) in respect of defined contribution pension schemes.

There were no key management other than the directors.

**8. INTEREST RECEIVABLE**

	2017 £	2016 £
Other interest receivable	861,056	760,247
	<u>861,056</u>	<u>760,247</u>

**9. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2017 £	2016 £
Bank interest payable	163,298	148,334
	<u>163,298</u>	<u>148,334</u>

**HAVANA WEST LIMITED**

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

**10. TAXATION**

	2017 £	2016 £
<b>CORPORATION TAX</b>		
Current tax on profits for the year	95,957	-
Adjustments in respect of previous periods	-	(108,512)
	<u>95,957</u>	<u>(108,512)</u>
<b>TOTAL CURRENT TAX</b>	<u>95,957</u>	<u>(108,512)</u>
<b>DEFERRED TAX</b>		
Origination and reversal of timing differences	(48,205)	43,643
<b>TOTAL DEFERRED TAX</b>	<u>(48,205)</u>	<u>43,643</u>
<b>TAXATION ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES</b>	<u>47,752</u>	<u>(64,869)</u>

**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is lower than (2016: lower than) the standard rate of corporation tax in the UK of 19.25% (2016: 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	52,670	492,690
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20%)	10,139	98,538
<b>EFFECTS OF:</b>		
Non-tax deductible amortisation of goodwill and impairment	56,065	121,543
Expenses not deductible for tax purposes	8,796	19,687
Capital allowances for year lower than/ (exceeding) depreciation	85,895	(307,139)
Adjustments to tax charge in respect of prior periods	-	(108,512)
Other timing differences leading to an increase/(decrease) in taxation	(4,546)	11,111
Other permanent differences	703	1,839
Tax losses eliminated	-	54,421
Deferred tax charge/(credit)	(109,300)	43,643
<b>TOTAL TAX CHARGE FOR THE YEAR</b>	<u>47,752</u>	<u>(64,869)</u>

## HAVANA WEST LIMITED

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

---

#### 10. TAXATION (CONTINUED)

##### FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The company has significant trade and capital losses carried forward.

The Finance (No 2) Act 2016, which provides for a reduction in the main rate of UK corporation tax to 17% with effect from 1 April 2020, was substantively enacted on 6 September 2016.

#### 11. EXCEPTIONAL ITEMS

	2017 £	2016 £
Profit on disposal of hotel	-	(2,269,514)
	-	(2,269,514)

#### 12. 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 £14,988 (2016: profit £1,001,857).

**HAVANA WEST LIMITED**

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

**13. INTANGIBLE ASSETS**

**Group**

	<b>Goodwill £</b>
<b>COST</b>	
At 1 January 2017	2,815,050
Additions	40,001
At 31 December 2017	<u>2,855,051</u>
<b>AMORTISATION</b>	
At 1 January 2017	1,371,747
Charge for the year	291,247
At 31 December 2017	<u>1,662,994</u>
<b>NET BOOK VALUE</b>	
At 31 December 2017	<u>1,192,057</u>
At 31 December 2016	<u>1,443,303</u>

**Company**

	<b>Goodwill £</b>
<b>COST</b>	
At 1 January 2017	50,000
At 31 December 2017	<u>50,000</u>
<b>AMORTISATION</b>	
At 1 January 2017	16,667
Charge for the year	10,000
At 31 December 2017	<u>26,667</u>
<b>NET BOOK VALUE</b>	
At 31 December 2017	<u>23,333</u>
At 31 December 2016	<u>33,333</u>

HAVANA WEST LIMITED

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

14. TANGIBLE FIXED ASSETS

Group

	Freehold property £	Long-term leasehold property £	Plant and machinery £	Fixtures and fittings £	Office equipment £	Total £
<b>COST OR VALUATION</b>						
At 1 January 2017	8,580,697	5,364,405	648,778	4,158,341	-	18,752,221
Additions	2,119,854	672	78,721	448,169	11,929	2,659,345
Disposals	(469,731)	-	(51,018)	-	-	(520,749)
Transfers between classes	-	16,500	-	(16,500)	-	-
Reclassified to held for sale	(801,220)	-	-	-	-	(801,220)
At 31 December 2017	<u>9,429,600</u>	<u>5,381,577</u>	<u>676,481</u>	<u>4,590,010</u>	<u>11,929</u>	<u>20,089,597</u>
<b>DEPRECIATION</b>						
At 1 January 2017	567,076	296,007	578,077	2,243,539	-	3,684,699
Charge for the year on owned assets	97,126	107,631	49,215	599,184	1,122	854,278
Disposals	-	-	(31,189)	-	-	(31,189)
At 31 December 2017	<u>664,202</u>	<u>403,638</u>	<u>596,103</u>	<u>2,842,723</u>	<u>1,122</u>	<u>4,507,788</u>
<b>NET BOOK VALUE</b>						
At 31 December 2017	<u><u>8,765,398</u></u>	<u><u>4,977,939</u></u>	<u><u>80,378</u></u>	<u><u>1,747,287</u></u>	<u><u>10,807</u></u>	<u><u>15,581,809</u></u>
At 31 December 2016	<u><u>8,013,621</u></u>	<u><u>5,068,398</u></u>	<u><u>70,701</u></u>	<u><u>1,914,802</u></u>	<u><u>-</u></u>	<u><u>15,067,522</u></u>

**HAVANA WEST LIMITED**

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

**14. TANGIBLE FIXED ASSETS (CONTINUED)**

**Company**

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Total £
<b>COST OR VALUATION</b>				
At 1 January 2017	7,183,518	543,710	2,035,004	9,762,232
Additions	1,022,243	7,602	332,661	1,362,506
Disposals	(469,731)	(42,321)	-	(512,052)
Reclassified to held for sale	(801,220)	-	-	(801,220)
At 31 December 2017	6,934,810	508,991	2,367,665	9,811,466
<b>DEPRECIATION</b>				
At 1 January 2017	414,282	516,115	340,767	1,271,164
Charge for the year on owned assets	70,271	15,244	465,737	551,252
Disposals	-	(25,393)	-	(25,393)
At 31 December 2017	484,553	505,966	806,504	1,797,023
<b>NET BOOK VALUE</b>				
At 31 December 2017	6,450,257	3,025	1,561,161	8,014,443
At 31 December 2016	6,769,236	27,595	1,694,237	8,491,068

**HAVANA WEST LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017****15. FIXED ASSET INVESTMENTS****SUBSIDIARY UNDERTAKINGS**

The following were subsidiary undertakings of the company:

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Principal activity</b>
The Parkway Hotel and Spa Limited	Ordinary	100 %	Operation of a hotel and conference centre with a leisure complex
Beachcroft Hotels Limited	Ordinary	100 %	Operation of a hotel
Middlepoint Developments Limited	Ordinary	100 %	Property development
Castledrive Developments Limited	Ordinary	100 %	Property development
Penzance Maritime Holdings Limited	Ordinary	100 %	Operation of a dry dock
Merry Harriers Limited	Ordinary	100 %	Operation of a hotel
The Cary Arms Hotel & Spa Limited	Ordinary	100 %	Dormant

**Company**

**Investments  
in  
subsidiary  
companies  
£**

**COST OR VALUATION**

At 1 January 2017	6,672,964
Additions	101
At 31 December 2017	<u>6,673,065</u>

**NET BOOK VALUE**

At 31 December 2017	<u>6,673,065</u>
At 31 December 2016	<u>6,672,964</u>



# HAVANA WEST LIMITED

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

### 16. INVESTMENT PROPERTY

#### Group

	Freehold investment property £
<b>VALUATION</b>	
At 1 January 2017	850,357
<b>AT 31 DECEMBER 2017</b>	<b>850,357</b>

The 2017 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 £
<b>VALUATION</b>	
At 1 January 2017	551,847
<b>AT 31 DECEMBER 2017</b>	<b>551,847</b>

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

### 17. STOCKS

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Development costs	2,759,055	347,251	1,102,437	-
Finished goods and goods for resale	72,116	62,968	17,481	21,685
	<b>2,831,171</b>	<b>410,219</b>	<b>1,119,918</b>	<b>21,685</b>

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 £1,174,527 (2016: £1,278,836).

# HAVANA WEST LIMITED

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

### 18. DEBTORS

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade debtors	52,777	87,099	1,340	10,879
Amounts owed by group undertakings	-	-	1,749,599	224,050
Other debtors	12,227,428	11,227,456	12,092,469	11,037,524
Prepayments and accrued income	94,026	125,401	20,810	29,007
	<u>12,374,231</u>	<u>11,439,956</u>	<u>13,864,218</u>	<u>11,301,460</u>

#### 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:

- £10,090,201 (2016: £8,372,843) is secured by way of a legal charge over property held by Charter House Investments LLP, a related entity. Interest is charged at 8%.

- £1,738,294 (2016: £1,738,294) due from Charter House Projects LLP, a related entity, is unsecured and charges interest at 6%.

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

#### Amounts owed by group undertakings

Amounts owed by group undertakings are repayable on demand and interest free.

### 19. CASH AND CASH EQUIVALENTS

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Cash at bank and in hand	1,602,433	371,815	1,151,777	99,178
	<u>1,602,433</u>	<u>371,815</u>	<u>1,151,777</u>	<u>99,178</u>

# HAVANA WEST LIMITED

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

### 20. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Bank loans	2,524,636	2,685,520	2,466,250	2,628,750
Other loans	19,699,423	15,416,841	18,624,423	15,416,841
Trade creditors	461,813	558,532	211,290	294,164
Amounts owed to group undertakings	-	-	579,361	260,582
Amounts owed to other participating interests	532,633	969,455	-	-
Corporation tax	67,860	-	-	-
Other taxation and social security	264,001	246,277	15,324	13,801
Other creditors	2,076,101	811,988	1,750,405	779,688
Accruals and deferred income	592,862	551,325	188,517	170,942
	<u>26,219,329</u>	<u>21,239,938</u>	<u>23,835,570</u>	<u>19,564,768</u>

#### Bank loans

The bank loan relates to two loans secured against assets of the group, and interest is charged at a rate of 3.25% above libor plus the rate per annum determined by the Bank of England, and base rate plus 3.25% respectively.

#### Other loans

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 £8,761,577 (2016: £8,715,786) of unsecured and interest free loans due to the group's shareholder's immediate family and other related entities. A balance of £4,252,461 (2016: £6,566,774) 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.

#### Amounts owed to group undertakings

Amounts owed to group undertakings are payable on demand and interest free.

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

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Bank loans	1,388,148	1,475,370	474,371	503,121
	<u>1,388,148</u>	<u>1,475,370</u>	<u>474,371</u>	<u>503,121</u>

See note 22 for further details on bank loans.

# HAVANA WEST LIMITED

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

### 22. LOANS

The scheduled repayments of the outstanding loans discussed in note 22 are as follows:

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
<b>AMOUNTS FALLING DUE WITHIN ONE YEAR</b>				
Bank loans	2,524,636	2,685,520	2,466,250	2,628,750
Other loans	19,699,423	15,416,841	18,624,423	15,416,841
	<u>22,224,059</u>	<u>18,102,361</u>	<u>21,090,673</u>	<u>18,045,591</u>
<b>AMOUNTS FALLING DUE 1-2 YEARS</b>				
Bank loans	534,267	87,137	474,371	28,750
	<u>534,267</u>	<u>87,137</u>	<u>474,371</u>	<u>28,750</u>
<b>AMOUNTS FALLING DUE 2-5 YEARS</b>				
Bank loans	853,881	1,388,233	-	474,371
	<u>853,881</u>	<u>1,388,233</u>	<u>-</u>	<u>474,371</u>
	<u>23,612,207</u>	<u>19,577,731</u>	<u>21,565,044</u>	<u>18,548,712</u>

Subsequent to the year end the company and group has refinanced the bank loans due within one year and does not anticipate that this full balance will be repaid during 2018.

# HAVANA WEST LIMITED

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

### 23. FINANCIAL INSTRUMENTS

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
<b>FINANCIAL ASSETS</b>				
Financial assets measured at fair value through profit or loss	1,602,433	371,815	1,151,777	99,178
Financial assets measured at amortised cost	12,280,206	11,314,555	13,843,408	11,272,453
Financial assets that are equity instruments measured at cost less impairment	-	-	6,672,965	6,672,964
	<u>13,882,639</u>	<u>11,686,370</u>	<u>21,668,150</u>	<u>18,044,595</u>
<b>FINANCIAL LIABILITIES</b>				
Financial liabilities measured at amortised cost	(27,084,809)	(22,237,839)	(24,237,360)	(19,984,751)

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

Financial assets measured at amortised cost comprise trade debtors, other debtors and amounts owing from group undertakings.

Financial assets that are equity instruments measured at cost less impairment comprise investment in subsidiary companies.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, accruals and amounts owing to group undertakings.

### 24. DEFERRED TAXATION

#### Group

	2017 £	2016 £
At beginning of year	(160,172)	(88,854)
Charged to profit or loss	48,205	(43,643)
Arising on business combinations	-	(27,675)
<b>AT END OF YEAR</b>	<u>(111,967)</u>	<u>(160,172)</u>

## HAVANA WEST LIMITED

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

---

#### 24. DEFERRED TAXATION (CONTINUED)

##### AT END OF YEAR

The provision for deferred taxation is made up as follows:

	Group 2017 £	Group 2016 £
Accelerated capital allowances	(111,967)	(160,172)
	<u>(111,967)</u>	<u>(160,172)</u>

#### 25. SHARE CAPITAL

	2017 £	2016 £
<b>ALLOTTED, CALLED UP AND FULLY PAID</b>		
11,942,332 (2016: 11,942,330) Ordinary shares of £1 each	<u>11,942,332</u>	<u>11,942,330</u>

During the year the company issued 2 Ordinary shares of £1 each at par value.

#### 26. RESERVES

##### Profit and loss account

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

#### 27. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2017 the Group and the company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2017 £	Group 2016 £
Not later than 1 year	60,000	60,331
Later than 1 year and not later than 5 years	240,000	240,000
Later than 5 years	5,262,500	5,322,500
	<u>5,562,500</u>	<u>5,622,831</u>

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

**28. RELATED PARTY TRANSACTIONS**

The company has taken exemption under FRS 102, Section 33, not to disclose transactions with group companies as they are presented in the consolidated accounts.

	2017 £	2016 £
Amounts due from subsidiaries	1,410,505	224,050
Amounts due to subsidiaries	(574,069)	(145,390)
Amounts due from companies under common ownership	339,094	224,050
Amounts due to companies under common ownership	-	(110,000)
Amounts due from related entities	12,063,095	10,532,518
Amounts due to related entities	(9,802,846)	(7,585,074)
Amounts due to shareholders	(8,761,577)	(7,831,767)

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

**29. CONTROLLING PARTY**

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