

Company Registration No. 05131897 (England and Wales)

BRITISH ENSIGN GOLF LTD T/A COUNTRY CLUB GROUP

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

BRITISH ENSIGN GOLF LTD T/A COUNTRY CLUB GROUP

COMPANY INFORMATION

Directors	Mr E P Blacker	(Appointed 14 June 2018)
	Mr L J Blacker	(Appointed 14 June 2018)

Company number	05131897
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Registered office	Slinfold Golf & Country Club Stane Street Slinfold Horsham West Sussex RH13 0RE
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Auditor	MHA Carpenter Box Amelia House Crescent Road Worthing West Sussex BN11 1QR
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BRITISH ENSIGN GOLF LTD T/A COUNTRY CLUB GROUP

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BRITISH ENSIGN GOLF LTD T/A COUNTRY CLUB GROUP

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present the strategic report for the year ended 31 December 2017.

Principal activities

The principal activity of the group and company continued to be that of operating health and fitness and leisure facilities in the South of England.

Strategy and business model

The strategy of the business is to achieve continued membership growth through:

- reinvestment into and improvement of facilities and infrastructure
- ensuring that capacity in key areas keeps pace with demand
- promoting the highest standards of customer service
- innovation and the use of technology
- competitive and flexible pricing

Fair review of the business

The group result from continuing operations, shows an operating profit of £371,459 (2016 - £423,336). During the year the group completed major refurbishment works on a farmhouse building at its Rookwood site. The above profit figures are stated after deducting the cost of these works, which in 2017 amounted to £133,350 (2016 - £29,797). The group profit from continuing operations, before deducting the farmhouse refurbishment costs, showed a growth during 2017 of 1% from £453,133 in 2016 to £504,809 in 2017.

At Slinfold, the health and fitness facilities are undergoing continual improvement. During 2017 a new suite of Technogym gym equipment was installed, providing state of the art exercise equipment and Mywellness technology to members. Mywellness is the first cloud-based open platform in the industry which enables operators to run their business more profitably by managing their customer's wellness lifestyles. To keep pace with growing demand, additional instructor-led classes were added during 2017, with more already added during 2018. The capacity of some aqua aerobic classes was also increased from 20 to 30 people. On a weekly basis there are now 100 instructor led classes across 3 studios and the pool. In August 2017 the Academy building was refurbished internally, creating a modern waiting area and improved WC facilities in addition to an extended sports therapy area. The Slinfold 9-hole academy golf course reopened on schedule in the spring of 2017, providing an excellent training facility for experienced golfers and those new to the sport, supported by a team of 3 golf professionals. During the summer of 2018 the entrance to the club was significantly improved, by the provision of a new tarmac two-lane driveway.

Rookwood has seen a major redevelopment of its farmhouse building, which was completed in September 2017 and the building was let out shortly after. The group has been working with Horsham Council with a view to extending its management contract to operate and manage the Rookwood course, and this is expected to be confirmed shortly, following the terms being agreed in principle.

In May 2018 the group renewed its banking facilities with a new 5-year arrangement, resulting in a reduction in its annual capital repayment cost, and providing additional funding for working capital and long term investment.

In June 2018 the ownership of the group changed following a transfer of 75% of the equity from Peter Blacker to Luke and Edward Blacker, and a holding company owned by them. As a result, Luke and Edward Blacker now have an effective holding of 37.5% each.

BRITISH ENSIGN GOLF LTD T/A COUNTRY CLUB GROUP

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

Principal risks and uncertainties

The directors have identified the following principal risks and uncertainties affecting the group:

Economic risk: Spending on leisure activities is affected by consumer confidence in the UK and global economies. In the current climate of uncertainty over levels of disposable income, the directors have responded by taking a conservative view on pricing in order to maintain membership growth and protect revenue streams.

Actions of competitors: the increasing public interest in fitness and leisure continues to open the market up to competition, and the company is constantly monitoring competition in the local area. The directors welcome this and believe that it is creating additional demand, which the group is well placed to service.

Key Performance Indicators

As well as the financial key performance indicators mentioned above, the group also monitors its performance using a number of non-financial measures. The most important of which are changes in membership numbers, usage/capacity in key areas along with a number of other key financial indicators based on budgeted expectations.

On behalf of the board

Mr L J Blacker

Director

24 September 2018

BRITISH ENSIGN GOLF LTD T/A COUNTRY CLUB GROUP

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

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

Directors

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

Mr P G Blacker	(Resigned 14 June 2018)
Mr E P Blacker	(Appointed 14 June 2018)
Mr L J Blacker	(Appointed 14 June 2018)

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Financial instruments

The group operates a treasury function which is responsible for managing the liquidity, interest and credit risks associated with the group's activities. The company operates the following management policies designed to minimise its exposure to financial risk:

Liquidity risk

The group manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the group has sufficient liquid resources to meet the operating needs of the businesses.

Interest rate risk

The company operates a number of policies to ensure there is sufficient liquidity and cash. Regular cash flow forecasts are prepared to ensure the company is able to cover its interest payments and continually monitors the market rate of interest.

Credit risk

Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board.

All customers who wish to trade on credit terms are subject to credit verification purposes. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

Future developments

The directors believe that there are currently no major developments requiring disclosure.

Auditor

The auditor, MHA Carpenter Box, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

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

BRITISH ENSIGN GOLF LTD T/A COUNTRY CLUB GROUP

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

On behalf of the board

24 September 2018

Mr L J Blacker
Director

BRITISH ENSIGN GOLF LTD T/A COUNTRY CLUB GROUP

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors are responsible for preparing the Strategic Report, 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 of the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BRITISH ENSIGN GOLF LTD T/A COUNTRY CLUB GROUP

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BRITISH ENSIGN GOLF LTD T/A COUNTRY CLUB GROUP

Opinion

We have audited the financial statements of British Ensign Golf Ltd t/a Country Club Group (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise the group statement of total comprehensive income, the group statement of financial position, the company statement of financial position, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 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 Auditor's *responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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 auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

BRITISH ENSIGN GOLF LTD T/A COUNTRY CLUB GROUP

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BRITISH ENSIGN GOLF LTD T/A COUNTRY CLUB GROUP

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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 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 strategic report and the directors' report.

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

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

Robin Evans BA FCA CTA (Senior Statutory Auditor)
for and on behalf of MHA Carpenter Box
Chartered Accountants
Statutory Auditor

24 September 2018
Worthing

BRITISH ENSIGN GOLF LTD T/A COUNTRY CLUB GROUP

GROUP STATEMENT OF TOTAL COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Continuing operations	Discontinued operations	31 December 2017	Continuing operations	Discontinued operations	31 December 2016
		£	£	£	£	£	£
Revenue	3	3,572,395	-	3,572,395	3,259,997	-	3,259,997
Cost of sales		(1,768,651)	-	(1,768,651)	(1,684,678)	-	(1,684,678)
Gross profit		1,803,744	-	1,803,744	1,575,319	-	1,575,319
Administrative expenses		(1,298,935)	19,913	(1,279,022)	(1,157,777)	(588)	(1,158,365)
Other operating income		-	-	-	35,591	-	35,591
Exceptional items	4	(133,350)	(21,688)	(155,038)	(29,797)	(175,852)	(205,649)
Operating profit	5	371,459	(1,775)	369,684	423,336	(176,440)	246,896
Finance costs	8	(145,455)	-	(145,455)	(145,526)	-	(145,526)
Profit before taxation		226,004	(1,775)	224,229	277,810	(176,440)	101,370
Taxation	9	-	-	-	-	-	-
Profit for the financial year	22	226,004	(1,775)	224,229	277,810	(176,440)	101,370
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the year		226,004	(1,775)	224,229	277,810	(176,440)	101,370

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

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

BRITISH ENSIGN GOLF LTD T/A COUNTRY CLUB GROUP

GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Property, plant and equipment	10		8,029,070		7,750,201
Current assets					
Inventories	14	64,356		53,375	
Trade and other receivables	15	204,446		144,539	
Cash and cash equivalents		7,814		12,272	
		<u>276,616</u>		<u>210,186</u>	
Current liabilities	16	(4,631,136)		(4,598,729)	
Net current liabilities			(4,354,520)		(4,388,543)
Total assets less current liabilities			3,674,550		3,361,658
Non-current liabilities	17		(3,404,467)		(3,315,804)
Net assets			<u>270,083</u>		<u>45,854</u>
Equity					
Called up share capital	21		167		167
Share premium account	22		1,121,886		1,121,886
Revaluation reserve	22		431,830		431,830
Retained earnings			(1,283,800)		(1,508,029)
Total equity			<u>270,083</u>		<u>45,854</u>

The financial statements were approved by the board of directors and authorised for issue on 24 September 2018 and are signed on its behalf by:

Mr E P Blacker
Director

Mr L J Blacker
Director

BRITISH ENSIGN GOLF LTD T/A COUNTRY CLUB GROUP

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Investments	11		1,140,700		1,140,700
Current assets					
Trade and other receivables	15	128,689		53,284	
Cash and cash equivalents		-		201	
		<u>128,689</u>		<u>53,485</u>	
Current liabilities	16	(3,753,347)		(3,487,726)	
Net current liabilities			(3,624,658)		(3,434,241)
Total assets less current liabilities			<u>(2,483,958)</u>		<u>(2,293,541)</u>
Equity					
Called up share capital	21		167		167
Share premium account	22		1,121,886		1,121,886
Retained earnings			(3,606,011)		(3,415,594)
Total equity			<u>(2,483,958)</u>		<u>(2,293,541)</u>

As permitted by s408 Companies Act 2006, the company has not presented its own income statement and related notes. The company's loss for the year was £190,417 (2016 - £972 loss).

The financial statements were approved by the board of directors and authorised for issue on 24 September 2018 and are signed on its behalf by:

Mr E P Blacker
Director

Mr L J Blacker
Director

Company Registration No. 05131897

BRITISH ENSIGN GOLF LTD T/A COUNTRY CLUB GROUP

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Share capital	Share premium account	Revaluation reserve	Retained earnings	Total
	£	£	£	£	£
Balance at 1 January 2016	167	1,121,886	431,830	(1,609,399)	(55,516)
Year ended 31 December 2016:					
Profit and total comprehensive income for the year	-	-	-	101,370	101,370
Balance at 31 December 2016	167	1,121,886	431,830	(1,508,029)	45,854
Year ended 31 December 2017:					
Profit and total comprehensive income for the year	-	-	-	224,229	224,229
Balance at 31 December 2017	167	1,121,886	431,830	(1,283,800)	270,083

BRITISH ENSIGN GOLF LTD T/A COUNTRY CLUB GROUP

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Share capital	Share premium account	Retained earnings	Total
	£	£	£	£
Balance at 1 January 2016	167	1,121,886	(3,414,622)	(2,292,569)
Year ended 31 December 2016:				
Loss and total comprehensive income for the year	-	-	(972)	(972)
Balance at 31 December 2016	167	1,121,886	(3,415,594)	(2,293,541)
Year ended 31 December 2017:				
Loss and total comprehensive income for the year	-	-	(190,417)	(190,417)
Balance at 31 December 2017	167	1,121,886	(3,606,011)	(2,483,958)

BRITISH ENSIGN GOLF LTD T/A COUNTRY CLUB GROUP

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	26		(33,647)		448,523
Interest paid			(145,455)		(145,526)
Net cash (outflow)/inflow from operating activities			(179,102)		302,997
Investing activities					
Purchase of property, plant and equipment		(85,898)		(171,917)	
Proceeds on disposal of property, plant and equipment		11,633		-	
Net cash used in investing activities			(74,265)		(171,917)
Financing activities					
Proceeds from borrowings		408,021		85,450	
Proceeds of new bank loans		80,000		-	
Repayment of bank loans		(201,284)		(200,000)	
Payment of finance leases obligations		(44,219)		(11,702)	
Net cash generated from/(used in) financing activities			242,518		(126,252)
Net (decrease)/increase in cash and cash equivalents			(10,849)		4,828
Cash and cash equivalents at beginning of year			(21,680)		(26,508)
Cash and cash equivalents at end of year			(32,529)		(21,680)
Relating to:					
Cash at bank and in hand			7,814		12,272
Bank overdrafts included in creditors payable within one year			(40,343)		(33,952)

BRITISH ENSIGN GOLF LTD T/A COUNTRY CLUB GROUP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

Company information

British Ensign Golf Ltd t/a Country Club Group ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Slinfold Golf & Country Club, Stane Street, Slinfold, Horsham, West Sussex, RH13 0RE.

The group consists of British Ensign Golf Ltd t/a Country Club Group and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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

The financial statements have been prepared on the historical cost convention, modified to include the revaluation of freehold properties. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

As permitted by s408 Companies Act 2006, the company has not presented its own income statement and related notes. The company's loss for the year was £190,417 (2016 - £972 loss).

1.2 Basis of consolidation

The Group consolidated financial statements include the financial statements of the company and all of its subsidiary undertakings and for the comparative year to 31 December 2016. All financial statements are made up to 31 December 2017.

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

The trading results of all subsidiaries included in note 12, which are all wholly owned subsidiary throughout the year, have been included in the group financial statements. All intra-Group transactions, balances, income and expenses are eliminated on consolidation. Adjustments are made to eliminate the profit or loss arising on transactions with associates to the extent of the Group's interest in the entity.

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

BRITISH ENSIGN GOLF LTD T/A COUNTRY CLUB GROUP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

1.3 Going concern

As at 31 December 2017 the group statement of financial position showed net assets of £270,083 and net current liabilities of £4,354,520 (company – deficit of £2,483,958 and net current liabilities of £3,624,658). However, over £3.4 million of the net current liabilities (of the group and of the company) relates to balances due to a company under common control, British Ensign Investments Limited. Due to a post year-end reorganisation this balance has been written off. During the year the group made an operating profit of £369,684 and is budgeted to make further profits in 2018. The group is able to operate with negative working capital because most of its income is either received upon delivery or in advance. The group and the company meet their working capital requirements by way of a long-term bank loan and overdraft facility.

At the time of approving the financial statements, the directors have a reasonable expectation that the group and the company have adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Revenue

Revenue represents the total amounts receivable by the group derived from its ordinary activities for the provision of goods and services net of VAT.

The following criteria must also be met before revenue is recognised:

Membership income is accounted for on a time basis. Such income relating to future accounting periods is treated as a creditor and recorded as turnover in the period to which it relates.

Green fees, bar and restaurant income, and other income is recognised at the time the goods are sold or the service is delivered.

1.5 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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

Land and buildings freehold	2% diminishing balance on the buildings element only
Course construction	2% diminishing balance
Plant and machinery	20% diminishing balance

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

Revaluation gains and losses are recognised in other comprehensive income and accumulated in equity, except to the extent that a revaluation gain reverses a revaluation loss previously recognised in or a revaluation loss exceeds the accumulated revaluation gains recognised in equity; such gains and losses are recognised in profit or loss.

Property and course improvements are maintained to such a standard that any depreciation charge on the freehold buildings or course improvements would not be material to the financial statements.

BRITISH ENSIGN GOLF LTD T/A COUNTRY CLUB GROUP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

Properties whose fair value can be measured reliably are held under the revaluation model and are carried at a revalued amount, being their fair value at the date of valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value of the land and buildings is usually considered to be their market value. A full valuation is obtained from a qualified valuer with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

1.6 Impairment of non-current assets

At each reporting end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss if any.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in or , unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1.7 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial assets and liabilities

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

Financial instruments are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

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

The group enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and loans from related parties.

Debt instruments like loans and other accounts receivable and payable are initially measured at present value of the future payments and subsequently at amortised cost using the effective interest method; Debt instruments that are payable or receivable within one year are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity. Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

BRITISH ENSIGN GOLF LTD T/A COUNTRY CLUB GROUP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

1.10 Equity instruments

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

1.11 Employee benefits

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

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

1.12 Retirement benefits

The group contributes to a number of money purchase pension schemes. Such contributions are held in trustee administered funds independently on the group's finances. Contributions payable are charged to the profit and loss account in the year they are payable.

1.13 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the income statement so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

BRITISH ENSIGN GOLF LTD T/A COUNTRY CLUB GROUP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

2 Judgements and key sources of estimation uncertainty

(Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Fair value of property, plant and equipment

The judgement relating to the fair value of property, plant and equipment is based on the director's use of the professional valuation carried out on behalf of the company's lenders on 4 November 2015 at £7.5 million, taking into account any additions and depreciation since this date. The valuation was carried out in accordance with the 2014 edition of The Royal Institution of Chartered Surveyors valuation manual by Matthews & Goodman, an independent firm of Chartered Surveyors with a recognised and relevant professional qualification and with recent experience in the location and category of the property, plant and equipment being valued. The valuation was made on the basis of existing use as a fully-equipped operational entity having regard to trading potential in line with Section 27 of FRS 102.

Freehold land and buildings and course improvements are maintained to such a standard that their estimated residual value is not less than their cost, therefore no depreciation is charged on freehold land and buildings as not material.

3 Revenue

An analysis of the group's revenue is as follows:

	2017	2016
	£	£
Revenue		
Membership income	1,956,438	1,767,714
Green fees	534,028	501,783
Food and beverage income	785,480	706,908
Pro shop income	45,841	42,469
Health and fitness	239,691	224,552
Other income	10,917	16,571
	<u>3,572,395</u>	<u>3,259,997</u>

The total revenue of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

BRITISH ENSIGN GOLF LTD T/A COUNTRY CLUB GROUP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

4	Exceptional costs	2017	2016
		£	£
	Settlement of claim relating to prior period	(21,688)	(175,852)
	Finemoss farmhouse restorations	(133,350)	(29,797)
		<u>(155,038)</u>	<u>(205,649)</u>
	Included within discontinued operations	<u>(21,688)</u>	<u>(175,852)</u>
	Included within continuing operations	<u>(133,350)</u>	<u>(29,797)</u>
5	Operating profit	2017	2016
		£	£
	Operating profit for the year is stated after charging/(crediting):		
	Depreciation of owned property, plant and equipment	29,422	21,125
	Depreciation of property, plant and equipment held under finance leases	26,855	6,714
	Profit on disposal of property, plant and equipment	(10,048)	566
	Cost of inventories recognised as an expense	669,284	616,947
	Operating lease charges	<u>85,000</u>	<u>89,898</u>
6	Auditor's remuneration	2017	2016
		£	£
	Fees payable to the company's auditor and associates:		
	For audit services		
	Audit of the financial statements of the group and company	7,000	6,500
	Audit of the financial statements of the company's subsidiaries	<u>13,000</u>	<u>12,500</u>
		<u>20,000</u>	<u>19,000</u>

BRITISH ENSIGN GOLF LTD T/A COUNTRY CLUB GROUP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

7 Employees

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

	Group 2017 Number	2016 Number	Company 2017 Number	2016 Number
Administration	9	9	-	-
Food and beverage	48	47	-	-
Greenkeeping	14	14	-	-
Health and fitness	23	22	-	-
Pro shop	3	3	-	-
	<u>97</u>	<u>95</u>	<u>-</u>	<u>-</u>

	Group 2017 £	2016 £	Company 2017 £	2016 £
Wages and salaries	1,321,540	1,222,858	-	-
Social security costs	94,851	110,713	-	-
Pension costs	9,458	6,814	-	-
	<u>1,425,849</u>	<u>1,340,385</u>	<u>-</u>	<u>-</u>

8 Finance costs

	2017 £	2016 £
Interest on bank overdrafts and loans	130,017	139,806
Interest on finance leases and hire purchase contracts	15,438	5,720
	<u>145,455</u>	<u>145,526</u>

BRITISH ENSIGN GOLF LTD T/A COUNTRY CLUB GROUP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

9 Taxation

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2017 £	2016 £
Profit before taxation	224,229	101,370
Expected tax charge based on the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	43,164	20,274
Tax effect of expenses that are not deductible in determining taxable profit	890	5,414
Tax effect of income not taxable in determining taxable profit	-	(7,118)
Tax effect of utilisation of tax losses not previously recognised	(38,575)	(39,494)
Unutilised tax losses carried forward	39,692	60,364
Permanent capital allowances in excess of depreciation	(43,237)	(39,440)
Profit on sale of fixed assets	(1,934)	-
Tax expense for the year	-	-

The group has estimated trading losses totalling £3.32 million (2016 - £3.31 million) available for carry forward against future trading profit.

The group has estimated non-trading tax losses, capital losses and excess management expenses totalling £2.33 million (2016 - £2.33 million) available to carry forward against relevant future income.

BRITISH ENSIGN GOLF LTD T/A COUNTRY CLUB GROUP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

10 Property, plant and equipment

Group	Land and buildings freehold £	Course construction £	Plant and machinery £	Total £
Cost or valuation				
At 1 January 2017	7,132,942	756,218	1,266,309	9,155,469
Additions	50,985	18,179	267,567	336,731
Disposals	-	-	(121,042)	(121,042)
At 31 December 2017	7,183,927	774,397	1,412,834	9,371,158
Depreciation and impairment				
At 1 January 2017	103,073	237,082	1,065,113	1,405,268
Depreciation charged in the year	-	550	55,727	56,277
Eliminated in respect of disposals	-	-	(119,457)	(119,457)
At 31 December 2017	103,073	237,632	1,001,383	1,342,088
Carrying amount				
At 31 December 2017	7,080,854	536,765	411,451	8,029,070
At 31 December 2016	7,029,869	519,136	201,196	7,750,201

The company had no property, plant and equipment at 31 December 2017 or 31 December 2016.

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2017 £	2016 £	Company 2017 £	2016 £
Plant and machinery	266,228	80,424	-	-
Depreciation charge for the year in respect of leased assets	26,855	6,714	-	-

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

	Group 2017 £	2016 £	Company 2017 £	2016 £
Cost	6,840,592	6,771,428	-	-
Accumulated depreciation	(103,073)	(103,073)	-	-
Carrying value	6,737,519	6,668,355	-	-

BRITISH ENSIGN GOLF LTD T/A COUNTRY CLUB GROUP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

10 Property, plant and equipment

(Continued)

The bank loan and overdraft is secured by a charge over the freehold property, two debentures, a corporate guarantee from the parent company, a cross guarantee between this company, Finemoss Limited and British Ensign Golf Limited and a personal guarantee from Mr P Blacker, a former director.

As disclosed in note 2, the fair value of tangible fixed assets have been determined by the director with reference to previous valuation undertaken by a firm of Chartered Surveyors.

11 Fixed asset investments

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Investments in subsidiaries	12	-	-	1,140,700	1,140,700
Movements in non-current investments					
Company					Shares £
Cost or valuation					
At 1 January 2017 & 31 December 2017					1,140,700
Carrying amount					
At 31 December 2017					1,140,700
At 31 December 2016					1,140,700

12 Subsidiaries

Details of the company's subsidiaries at 31 December 2017 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Ensign Leisure Limited	Note a)	Health and fitness and leisure facility	Ordinary	100.00	
Finemoss Limited	Note a)	Golf club	Ordinary	100.00	
Sidemanor Limited	Note a)	Non-trading	Ordinary	100.00	

Note a)

The registered office for all the subsidiaries above is Slinfold Golf & Country Club, Stane Street, Slinfold, Horsham, West Sussex, RH13 0RE.

BRITISH ENSIGN GOLF LTD T/A COUNTRY CLUB GROUP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

13 Financial instruments

	Group 2017 £	2016 £	Company 2017 £	2016 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	66,918	42,211	18,666	2,501
Carrying amount of financial liabilities				
Measured at amortised cost	7,795,247	7,298,495	3,414,270	3,007,115

14 Inventories

	Group 2017 £	2016 £	Company 2017 £	2016 £
Finished goods and goods for resale	64,356	53,375	-	-

15 Trade and other receivables

	Group 2017 £	2016 £	Company 2017 £	2016 £
Amounts falling due within one year:				
Trade receivables	8,903	32,438	-	-
Amounts owed by group undertakings	-	-	110,023	50,783
Other receivables	57,947	9,913	18,666	2,501
Prepayments and accrued income	137,596	102,188	-	-
	204,446	144,539	128,689	53,284

16 Current liabilities

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Bank loans and overdrafts	18	159,287	233,952	10	876
Obligations under finance leases	19	113,821	29,311	-	-
Other borrowings	18	3,491,562	3,083,511	3,414,260	3,006,239
Trade payables		303,043	281,375	-	-
Amounts due to group undertakings		-	-	327,577	469,111
Other taxation and social security		182,175	294,089	-	-
Other payables		267,152	294,600	-	-
Accruals and deferred income		114,096	381,861	11,500	11,500
		4,631,136	4,598,729	3,753,347	3,487,726

BRITISH ENSIGN GOLF LTD T/A COUNTRY CLUB GROUP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

17 Non-current liabilities

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Bank loans and overdrafts	18	3,159,772	3,200,000	-	-
Obligations under finance leases	19	175,034	52,930	-	-
Trade payables		69,661	62,874	-	-
		<u>3,404,467</u>	<u>3,315,804</u>	<u>-</u>	<u>-</u>

18 Borrowings

	Group 2017 £	2016 £	Company 2017 £	2016 £
Bank loans	3,278,716	3,400,000	-	-
Bank overdrafts	40,343	33,952	10	876
Other loans	3,491,562	3,083,541	3,414,260	3,006,239
	<u>6,810,621</u>	<u>6,517,493</u>	<u>3,414,270</u>	<u>3,007,115</u>
Payable within one year	3,650,849	3,317,493	3,414,270	3,007,115
Payable after one year	<u>3,159,772</u>	<u>3,200,000</u>	<u>-</u>	<u>-</u>

The bank loans are repayable by equal instalments over repayment terms which expire by November 2021, and interest is payable at rates from 3.5% to 3.75% per annum over the Bank of England base rate.

19 Finance lease obligations

	Group 2017 £	2016 £	Company 2017 £	2016 £
Future minimum lease payments due under finance leases:				
Within one year	113,821	29,311	-	-
In two to five years	175,034	52,930	-	-
	<u>288,855</u>	<u>82,241</u>	<u>-</u>	<u>-</u>

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. No restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

Finances are secured on the assets to which they relate.

BRITISH ENSIGN GOLF LTD T/A COUNTRY CLUB GROUP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

20 Retirement benefit schemes

	2017	2016
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	9,458	6,814

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

21 Share capital

	Group and company	
	2017	2016
Ordinary share capital	£	£
Issued and fully paid		
16,700 Ordinary shares of 1p each	167	167

Ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights.

22 Reserves

Share premium

This reserve records the amount of fair value of consideration received above the nominal value for shares issued, less transaction costs.

Revaluation reserve

This reserve is used to record movements in the fair value of its tangible fixed assets.

23 Operating lease commitments

Lessee

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

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Within one year	145,879	140,126	-	-
Between two and five years	79,647	175,742	-	-
	<u>225,526</u>	<u>315,868</u>	<u>-</u>	<u>-</u>

BRITISH ENSIGN GOLF LTD T/A COUNTRY CLUB GROUP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

24 Related party transactions

Group

Included within other borrowings is an amount owed of £3,491,562 (2016 - £3,083,541) which is a loan made by a related party. No interest is payable on the loan and there is no fixed repayment date.

The director of the company as at the year end, has provided a personal guarantee of £3,600,000 (2016 - £3,600,000) with respect to the bank loan and overdraft facility of the group.

Company

Included within other borrowings is an amount owed of £3,414,260 (2016 - £3,006,239) which is a loan made by a related party. No interest is payable on the loan and there is no fixed repayment date.

The company has provided a corporate guarantee of £3,600,000 with respect to the bank loan and overdraft facility of the group.

25 Controlling party

The company is controlled by its directors and no one party has ultimate control.

26 Cash generated from group operations

	2017 £	2016 £
Profit for the year after tax	224,229	101,370
Adjustments for:		
Finance costs	145,455	145,526
(Gain)/loss on disposal of property, plant and equipment	(10,048)	566
Depreciation and impairment of property, plant and equipment	56,277	27,839
Movements in working capital:		
(Increase) in inventories	(10,981)	(1,449)
(Increase) in trade and other receivables	(59,907)	(41,180)
(Decrease)/increase in trade and other payables	(378,672)	215,851
Cash (absorbed by)/generated from operations	(33,647)	448,523

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