

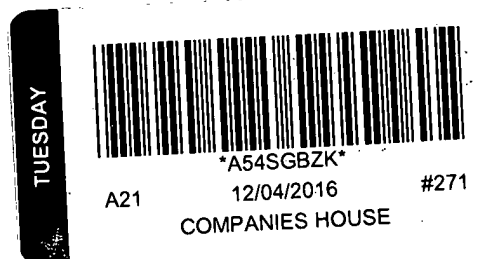
Registration number: 05376013

# Hotbed Group Limited

Directors' Report and Financial Statements

for the Year Ended 31 July 2015

Paul A Hill & Co  
Chartered Accountants  
3 Bull Lane  
ST IVES  
Cambridgeshire  
PE27 5AX



**Hotbed Group Limited**  
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# **Hotbed Group Limited**

## **Directors' Report for the Year Ended 31 July 2015**

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

### **Directors of the company**

The directors who held office during the year were as follows:

P Hawkes

M Lauber

A Brode

### **Principal activity**

The principal activity of the company is that of a holding company.

### **Business review**

Further progress continues to be made with the realisation of amounts due to the Group. The amounts and dates of further realisations are uncertain.

### **Important post balance sheet events**

In January 2016, a repurchase of 2,018,461 Preference shares of £1 each was authorised and completed, and these shares were cancelled. No adjustments are made in the financial statements for the year ended 31 July 2015 in this respect.

### **Directors' responsibilities**

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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

### **Disclosure of information to the auditors**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of.


**Hotbed Group Limited**  
**Directors' Report for the Year Ended 31 July 2015**

**..... continued**

**Small company provisions**

This report has been prepared in accordance with the small companies regime under the Companies Act 2006.

Approved by the Board on 21 March 2016 and signed on its behalf by:

  
.....  
M Lauber  
Director

## **Independent Auditor's Report to the Members of Hotbed Group Limited**

We have audited the financial statements of Hotbed Group Limited for the year ended 31 July 2015, set out on pages 5 to 11. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (Effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Statement of Directors' Responsibilities (set out on pages 1 and 2), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

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

### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to smaller entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Emphasis of matter**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 of the financial statements concerning the ability of the company to continue as a going concern which depends on the realisation of a number of its investments.

Although the directors are confident of sufficient realisations occurring there is a degree of inherent uncertainty over the timing and proceeds. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

**Independent Auditor's Report to the Members of  
Hotbed Group Limited**

*..... continued*

**Opinion on other matter prescribed by the Companies Act 2006**

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

**Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements and the Directors' Report in accordance with the small companies regime.



Mrs K Clayden (Senior Statutory Auditor)  
For and on behalf of Paul A Hill & Co, Statutory Auditor

3 Bull Lane  
ST IVES  
Cambridgeshire  
PE27 5AX

21 March 2016

**Hotbed Group Limited**  
**Profit and Loss Account for the Year Ended 31 July 2015**


	Note	2015 £	2014 £
Turnover		-	-
Administrative expenses		<u>(32,538)</u>	<u>(330,451)</u>
Operating loss		(32,538)	(330,451)
Interest payable and similar charges		<u>(10,416)</u>	<u>(29,951)</u>
Loss on ordinary activities before taxation		<u>(42,954)</u>	<u>(360,402)</u>
Loss for the financial year	8	<u><u>(42,954)</u></u>	<u><u>(360,402)</u></u>

**Hotbed Group Limited**  
**(Registration number: 05376013)**  
**Balance Sheet at 31 July 2015**

	Note	2015 £	2014 £
<b>Fixed assets</b>			
Investments	3	<u>74,091</u>	<u>74,091</u>
<b>Current assets</b>			
Debtors	4	601,767	878,576
Cash at bank and in hand		<u>108,354</u>	<u>99,499</u>
		710,121	978,075
Creditors: Amounts falling due within one year	5	<u>(680)</u>	<u>(17,680)</u>
Net current assets		<u>709,441</u>	<u>960,395</u>
Total assets less current liabilities		783,532	1,034,486
Creditors: Amounts falling due after more than one year	6	<u>-</u>	<u>(208,000)</u>
Net assets		<u><u>783,532</u></u>	<u><u>826,486</u></u>
<b>Capital and reserves</b>			
Called up share capital	7	4,820,239	4,820,239
Share premium account	8	1,379,269	1,379,269
Capital redemption reserve	8	514,955	514,955
Profit and loss account	8	<u>(5,930,931)</u>	<u>(5,887,977)</u>
Shareholders' funds		<u><u>783,532</u></u>	<u><u>826,486</u></u>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the Financial Reporting Standard for Smaller Entities (effective 2008).

Approved by the Board on 21 March 2016 and signed on its behalf by:

  
M Lauber  
Director



**Hotbed Group Limited**  
**Notes to the Financial Statements for the Year Ended 31 July 2015**

**1 Accounting policies**

**Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

**Exemption from preparing group accounts**

The company is part of a small group. The company has taken advantage of the exemption provided by Section 398 of the Companies Act 2006 and has not prepared group accounts.

**Going concern**

The directors have prepared cash flow forecasts which indicate that the company will be reliant on its subsidiary company, HL2012 Limited, realising a number of its investments during the next twelve months in order to meet its commitments as they fall due. Whilst the realisation of these investments is not under the control of the company or HL2012 Limited the directors believe, based on discussions with the investment managers who manage these investments on behalf of HL2012 Limited, that sufficient realisations will occur and as a consequence that the company will have adequate resources to continue its operations for the foreseeable future.

Although there is some inherent uncertainty over the timing, and proceeds generated, by these realisations, the Directors believe that the expected investment realisations enables the company to continue to operate as normal, and accordingly they believe that the going concern basis of preparation continues to be appropriate. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the going concern basis were no longer appropriate.

**Turnover**

Turnover represents the fair value of consideration receivable by the company in respect of services provided to subsidiary companies, less value added tax.

**Fixed asset investments**

Investments held as fixed assets are stated at cost less any provision for impairment.

**Deferred tax**

The charge for taxation is based on the profit for the year and takes into account taxation deferred.

Current tax is measured at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

# Hotbed Group Limited

## Notes to the Financial Statements for the Year Ended 31 July 2015

..... *continued*

### Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account.

### 2 Directors' remuneration

The directors' remuneration for the year was as follows:

	2015 £	2014 £
Remuneration	<u>18,312</u>	<u>28,500</u>

### 3 Investments held as fixed assets

	2015 £	2014 £
Shares in group undertakings and participating interests	<u>74,091</u>	<u>74,091</u>

#### Shares in group undertakings and participating interests

	Subsidiary undertaking s £	Total £
<b>Cost</b>		
At 1 August 2014	<u>2,365,909</u>	<u>2,365,909</u>
At 31 July 2015	<u>2,365,909</u>	<u>2,365,909</u>
<b>Provision for impairment</b>		
At 1 August 2014	<u>2,291,818</u>	<u>2,291,818</u>
<b>Net book value</b>		
At 31 July 2015	<u>74,091</u>	<u>74,091</u>
At 31 July 2014	<u>74,091</u>	<u>74,091</u>

# Hotbed Group Limited

## Notes to the Financial Statements for the Year Ended 31 July 2015

..... continued

### Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Holding	Proportion of voting rights and shares held	Principal activity
<b>Subsidiary undertakings</b>			
HL2012 Limited	Ordinary & Preference	100%	Corporate Finance
HONL2012 Limited (via HL2012 Limited)	Ordinary	100%	Investments in unlisted companies

### 4 Debtors

	2015 £	2014 £
Amounts owed by group undertakings and undertakings in which the company has a participating interest	588,976	868,971
Other debtors	12,791	9,605
	<u>601,767</u>	<u>878,576</u>

### 5 Creditors: Amounts falling due within one year

	2015 £	2014 £
Trade creditors	-	8,398
Other taxes and social security	675	882
Other creditors	5	8,400
	<u>680</u>	<u>17,680</u>

### 6 Creditors: Amounts falling due after more than one year

	2015 £	2014 £
Other creditors	-	208,000
	<u>-</u>	<u>208,000</u>

**Hotbed Group Limited**  
**Notes to the Financial Statements for the Year Ended 31 July 2015**

..... *continued*

Creditors amounts falling due after more than one year includes the following liabilities, on which security has been given by the company:

	2015 £	2014 £
Loan Notes	-	208,000

**7 Share capital**

**Allotted, called up and fully paid shares**

	2015		2014	
	No.	£	No.	£
Ordinary shares of £1 each	27,499	27,499	27,499	27,499
Preference shares of £1 each	4,792,740	4,792,740	4,792,740	4,792,740
	<u>4,820,239</u>	<u>4,820,239</u>	<u>4,820,239</u>	<u>4,820,239</u>

**8 Reserves**

	Share premium account £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 August 2014	1,379,269	514,955	(5,887,977)	(3,993,753)
Loss for the year	-	-	(42,954)	(42,954)
At 31 July 2015	<u>1,379,269</u>	<u>514,955</u>	<u>(5,930,931)</u>	<u>(4,036,707)</u>

**9 Post balance sheet events**

In January 2016, a repurchase of 2,018,461 Preference shares of £1 each was authorised and completed, and these shares were cancelled. No adjustments are made in the financial statements for the year ended 31 July 2015 in this respect.

**Hotbed Group Limited**  
**Notes to the Financial Statements for the Year Ended 31 July 2015**  
..... *continued*

**10 Related party transactions**

**Directors' advances and credits**

	<b>2015 Advance/ Credit £</b>	<b>2015 Repaid £</b>	<b>2014 Advance/ Credit £</b>	<b>2014 Repaid £</b>
<b>A Brode</b>				
The director held loan notes issued by the company in the previous accounting period.				
As at the 31 July 2015 £Nil was outstanding.	-	50,000	(50,000)	-

**Other related party transactions**

During the year the company made the following related party transactions:

**HL2012 Limited**

(HL2012 Ltd is a 100% subsidiary of Hotbed Group)

At the time and as part of the fundraise in September 2012, a guarantee was granted for the benefit of Peter Hawkes and Mark Lauber in respect of deferred salary entitlements in HL2012 Ltd in respect of the period to 31 July 2012. A security trust deed and debenture have been formally lodged. At the balance sheet date the amount of guarantee to HL2012 Limited was £nil (2014 - £163,350) and the guarantee has been released.

The company has taken advantage of the exemption in FRS8 "Related Party Disclosures" from disclosing transactions with other members of the group.

**11 Control**

The directors do not consider there to be an ultimate controlling party.