

COMPANY REGISTRATION NUMBER 05848645

FUTURE INNS, BRISTOL GP, LIMITED
FINANCIAL STATEMENTS
31 DECEMBER 2017



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FUTURE INNS, BRISTOL GP, LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

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FUTURE INNS, BRISTOL GP, LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

Director	D G Brett
Company secretary	G J Stockman
Registered office	Hemingway Road Cardiff CF10 4AU

FUTURE INNS, BRISTOL GP, LIMITED

DIRECTOR'S REPORT

YEAR ENDED 31 DECEMBER 2017

The director has pleasure in presenting his report and the financial statements of the company for the year ended 31 December 2017.

PRINCIPAL ACTIVITY

Future Inns, Bristol GP, Limited is the General Partner of Future Inns, Bristol General Partner, Limited Partnership which is itself the General Partner of Future Inns, Bristol, Limited Partnership. The principal activity of Future Inns, Bristol, Limited Partnership is the running of a hotel.

DIRECTOR

The director who served the company during the year was as follows:

D G Brett

DIRECTOR'S RESPONSIBILITIES STATEMENT

The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the director 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 director is 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. He is 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.

FUTURE INNS, BRISTOL GP, LIMITED

DIRECTOR'S REPORT

YEAR ENDED 31 DECEMBER 2017

SMALL COMPANY PROVISION

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

Signed by order of the director



D G Brett

Director

Approved by the director on 27 SEP 2018

FUTURE INNS, BRISTOL GP, LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2017

	Note	2017 £	2016 £
TURNOVER		-	-
Administrative expenses		-	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		-	-
Tax on profit on ordinary activities	4	-	-
RETAINED PROFIT FOR THE FINANCIAL YEAR		-	-

All transactions entered into by the company are on behalf of Future Inns, Bristol, Limited Partnership. Accordingly no entries are made in the company's profit and loss account.

The notes on pages 6 to 8 form part of these accounts.

FUTURE INNS, BRISTOL GP, LIMITED**BALANCE SHEET****YEAR ENDED 31 DECEMBER 2017**

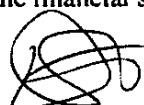
	Note	2017 £	2016 £
FIXED ASSETS			
Investments	5	1,000	1,000
CURRENT ASSETS			
Cash at bank		1	1
		<u>1</u>	<u>1</u>
CREDITORS: Amounts falling due within one year	6	(1,000)	(1,000)
NET CURRENT LIABILITIES		<u>(999)</u>	<u>(999)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1</u>	<u>1</u>
CAPITAL AND RESERVES			
Called-up equity share capital	8	1	1
		<u>1</u>	<u>1</u>

The director considers that the company is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 ("the Act") and the members have not required the company to obtain an audit for the period in question in accordance with section 476 of the Act.

The director acknowledges their responsibility for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime as set out within Part 15 of the Companies Act 2006.

The financial statements were approved and authorised for issue on 27 SEP 2018



D G Brett
Director

Company Registration Number: 05848645

The notes on pages 6 to 8 form part of these accounts.

FUTURE INNS, BRISTOL GP, LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

1. ACCOUNTING POLICIES

Basis of preparation of the financial statements

Future Inns, Bristol GP, Limited is a private company limited by shares and incorporated in England and Wales. The address of the registered office is Hemingway Road, Cardiff CF10 4AU.

These financial statements are prepared in accordance within FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" as applied in the context of the small entities regime.

The following principal accounting policies have been applied:

Financial instruments

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank.

Related party payables are classified as basic financial instruments and measured at initial recognition at transaction price, and subsequently at amortised cost using the effective interest rate method.

Financial liabilities and equity instruments issued by the partnership are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the partnership after deducting all of its liabilities. Equity instruments issued by the partnership are recorded at the proceeds received, net of direct issue costs.

Consolidation

The company has not prepared financial statements consolidating the results of its investment in Future Inns, Bristol, Limited Partnership, through Future Inns, Bristol General Partner, Limited Partnership on the grounds that severe long term restrictions exist. The company has taken exemption from producing group financial statements consolidating the results of Future Inns, Bristol General Partner, Limited Partnership under Section 398 of the Companies Act 2006 on the grounds that it is a small group. The financial statements therefore provide information about the company and not its group.

Investments

Investments are stated at cost. Provision is made for any impairment in value.

FUTURE INNS, BRISTOL GP, LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

2. OPERATING PROFIT

Operating profit is stated after charging:

	2017	2016
	£	£
Director's emoluments	-	-

3. EMPLOYEES

There were no employees during the current or previous year.

4. TAXATION ON ORDINARY ACTIVITIES

No charge to corporation tax has arisen during the year, as a result of the company's principal activity.

5. INVESTMENTS

	Unlisted Investments £
COST	
At 1 January 2017	1,000
Additions	-
At 31 December 2017	1,000
NET BOOK VALUE	
At 31 December 2017	1,000
At 31 December 2016	1,000

Future Inns, Bristol GP, Limited is the General Partner of Future Inns, Bristol General Partner, Limited Partnership and under the terms of the agreement had to contribute £1,000 to the capital of the partnership.

During the year ended 31 December 2017, Future Inns, Bristol General Partner, Limited Partnership generated a profit of £291,451 (2016 - £277,617). At the year end, the balance on the capital and income accounts of the General Partner was £1,000 (2016 - £1,000) and the balance on the capital and income accounts of the Limited Partners was £1,288,672 (2016 - £1,114,224).

The Head Office of Future Inns, Bristol, Limited Partnership and Future Inns, Bristol General Partner, Limited Partnership is Queensgate South, Hemingway Road, Cardiff, CF10 4AU. Copies of the accounts for the year ended 31 December 2017 are to be appended to the accounts filed at Companies House.

FUTURE INNS, BRISTOL GP, LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

6. CREDITORS: Amounts falling due within one year

	2017	2016
	£	£
Amounts owed to related undertakings	1,000	1,000
	<u> </u>	<u> </u>

7. RELATED PARTY TRANSACTIONS

The company is the General Partner of Future Inns, Bristol General Partner, Limited Partnership. This partnership is the General Partner of Future Inns, Bristol, Limited Partnership.

At 31 December 2017, an amount of £1,000 (2016 - £1,000) was owed to Future Inns, Bristol, Limited Partnership.

The company is controlled by the director.

8. SHARE CAPITAL

Authorised share capital:

	2017	2016
	£	£
1,000 Ordinary shares of £1 each	1,000	1,000
	<u> </u>	<u> </u>

Allotted, called up and fully paid:

	2017		2016	
	No	£	No	£
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

REGISTRATION NUMBER LP013664

**FUTURE INNS, BRISTOL GENERAL PARTNER, LIMITED
PARTNERSHIP
FINANCIAL STATEMENTS
31 DECEMBER 2017**

FUTURE INNS, BRISTOL GENERAL PARTNER, LIMITED PARTNERSHIP

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FUTURE INNS, BRISTOL GENERAL PARTNER, LIMITED PARTNERSHIP
REPORT ON BEHALF OF THE GENERAL PARTNER
YEAR ENDED 31 DECEMBER 2017

The general partner has pleasure in presenting its report and the financial statements of the partnership for the year ended 31 December 2017.

PRINCIPAL ACTIVITIES

The principal activity of the partnership during the year was the management and provision of franchised services and transactions on behalf of Future Inns, Bristol, Limited Partnership, the principal activity of which is the running of a hotel.

Future Inns, Bristol GP, Limited is the General Partner of Future Inns, Bristol General Partner, Limited Partnership.

STATEMENT OF GENERAL PARTNER'S RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The General Partner is responsible for preparing the report on behalf of the general partner and the financial statements in accordance with applicable law and regulations.

Company law as applied to qualifying partnerships requires the General Partner to prepare financial statements for each financial year. Under that law the General Partner has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the General Partner must not approve the financial statements unless it is satisfied that they give a true and fair view of the state of affairs of the Partnership and of the profit or loss of the Partnership for that year.

In preparing these financial statements, the General Partner is required to:

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

The General Partner is responsible for keeping adequate accounting records that are sufficient to show and explain the Partnership's transactions, and disclose with reasonable accuracy at any time the financial position of the Partnership, and enable the General Partner to ensure that the financial statements comply with the Companies Act 2006, as applied to qualifying partnerships. The General Partner is also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report has been prepared in accordance with the special provisions for small entities under Part 15 of the Companies Act 2006 as applied to qualifying partnerships.


D G Brett

For and on behalf of Future Inns, Bristol GP, Limited as General Partner

Date: 27 SEP 2018

FUTURE INNS, BRISTOL GENERAL PARTNER, LIMITED PARTNERSHIP**STATEMENT OF COMPREHENSIVE INCOME****YEAR ENDED 31 DECEMBER 2017**

	Year ended 31 Dec 17 £	Year ended 31 Dec 16 £
REVENUE		
<i>Management and franchise fees receivable</i>	291,512	277,678
EXPENSES		
<i>Partnership expenses</i>	<u>(61)</u>	<u>(61)</u>
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR	291,451	277,617
GENERAL PARTNER'S SHARE OF TOTAL COMPREHENSIVE INCOME	<u>-</u>	<u>-</u>
LIMITED PARTNERS' SHARE OF TOTAL COMPREHENSIVE INCOME	<u>291,451</u>	<u>277,617</u>

FUTURE INNS, BRISTOL GENERAL PARTNER, LIMITED PARTNERSHIP**STATEMENT OF FINANCIAL POSITION****31 DECEMBER 2017**

	Note	2017 £	£	2016 £	£
ASSETS					
NON-CURRENT ASSETS					
Investments	4		1,000		1,000
CURRENT ASSETS					
Amounts due from related parties	5		942,822		885,314
Cash at bank and in hand			371,093		254,153
TOTAL ASSETS			<u>1,314,915</u>		<u>1,140,467</u>
LIABILITIES					
CURRENT LIABILITIES					
Amounts due to related parties	5		25,243		25,243
TOTAL LIABILITIES			<u>25,243</u>		<u>25,243</u>
LIMITED PARTNERS' CAPITAL					
Capital account			-		-
Income account:					
- Balance brought forward		1,114,224		947,336	
- Share of net profit		291,451		277,617	
- Cash distributions		<u>(117,003)</u>		<u>(110,729)</u>	
			1,288,672		1,114,224
Total Limited Partners' Capital			<u>1,288,672</u>		<u>1,114,224</u>
GENERAL PARTNER'S CAPITAL					
Capital account	6		1,000		1,000
Income account			-		-
Total General Partner's Capital			<u>1,000</u>		<u>1,000</u>
TOTAL EQUITY			<u>1,289,672</u>		<u>1,115,224</u>
			<u>1,314,915</u>		<u>1,140,467</u>

The General Partner is satisfied that the company is entitled to exemption from the provisions of the Companies Act 2006 as applied to qualifying partnerships relating to the audit of the financial statements for the year by virtue of section 477, and that no member or members have requested an audit pursuant to section 476 of the Act.

FUTURE INNS, BRISTOL GENERAL PARTNER, LIMITED PARTNERSHIP

STATEMENT OF FINANCIAL POSITION *(continued)*

31 DECEMBER 2017

The General Partner acknowledges his responsibility for:

- (i) ensuring that the partnership keeps proper accounting records which comply with section 386 of the Act, and
- (ii) preparing financial statements which give a true and fair view of the state of affairs of the partnership as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of sections 394 and 395, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the qualifying partnership.

These financial statements have been prepared in accordance with the special provision for small entities under Part 15 of the Companies Act 2006 as applied to qualifying partnerships.

The financial statements were approved by the General Partner on *27 SEP 2018*



D G Brett

For and on behalf of Future Inns, Bristol GP, Limited (in its capacity as General Partner of Future Inns, Bristol General Partner, Limited Partnership)

Registration Number: LP013664

FUTURE INNS, BRISTOL GENERAL PARTNER, LIMITED PARTNERSHIP
STATEMENT OF CHANGES IN PARTNERS' CAPITAL
YEAR ENDED 31 DECEMBER 2017

	Year ended 31 Dec 17 £	Year ended 31 Dec 16 £
LIMITED PARTNERS' CAPITAL		
Balance at beginning of year	1,114,224	947,336
SHARE OF COMPREHENSIVE INCOME	291,451	277,617
	<u>1,405,675</u>	<u>1,224,953</u>
Cash distributions	(117,003)	(110,729)
Balance at end of year	<u>1,288,672</u>	<u>1,114,224</u>
Allocated as follows:		
Capital account	<u>-</u>	<u>-</u>
Income account	<u>1,288,672</u>	<u>1,114,224</u>
GENERAL PARTNER'S CAPITAL		
Balance at beginning of year	1,000	1,000
SHARE OF COMPREHENSIVE INCOME	-	-
	<u>1,000</u>	<u>1,000</u>
Cash distributions	<u>-</u>	<u>-</u>
Balance at end of year	<u>1,000</u>	<u>1,000</u>
Allocated as follows:		
Capital account	<u>1,000</u>	<u>1,000</u>
Income account	<u>-</u>	<u>-</u>

FUTURE INNS, BRISTOL GENERAL PARTNER, LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

1. DESCRIPTION OF BUSINESS

Future Inns, Bristol General Partner, Limited Partnership is a limited partnership formed under the Limited Partnership Act 1907. The partnership manages and provides franchised services on behalf of Future Inns, Bristol, Limited Partnership and earns management and franchise fees and a share of net profit as prescribed under the partnership agreement.

The registered office is at Hemingway Road, Cardiff, CF10 4AU.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These financial statements are prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" as applied in the context of the small entities regime.

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards and the Future Inns, Bristol General Partner, Limited Partnership agreement.

These financial statements reflect the operations of Future Inns, Bristol General Partner, Limited Partnership. They do not include all the assets, liabilities and earnings of the partners. No provision has been made in these financial statements for income taxes, which are the responsibility of each partner.

The financial statements have been prepared on a going concern basis.

Consolidation

The partnership has not prepared financial statements consolidating the results of its investment in Future Inns, Bristol, Limited Partnership on the grounds that severe long term restrictions exist.

Revenue recognition

The revenue shown in the statement of comprehensive income represents management and franchise income receivable in the year.

Investments

Investments are stated at cost. Provision is made for any impairment in value.

FUTURE INNS, BRISTOL GENERAL PARTNER, LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank.

Related party receivables and payables are classified as basic financial instruments and measured at initial recognition at transaction price, and subsequently at amortised cost using the effective interest rate method. A provision is established where there is objective evidence that the partnership will not be able to collect all amounts due.

Financial liabilities and equity instruments issued by the partnership are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the partnership after deducting all of its liabilities. Equity instruments issued by the partnership are recorded at the proceeds received, net of direct issue costs.

3. EMPLOYEES

There were no employees during the current or previous year.

4. INVESTMENTS

	Unlisted Investments £
COST	
At 1 January 2017 and 31 December 2017	<u>1,000</u>
NET BOOK VALUE	
At 31 December 2017	<u>1,000</u>
At 31 December 2016	<u>1,000</u>

Future Inns, Bristol General Partner, Limited Partnership is the General Partner of Future Inns, Bristol, Limited Partnership and under the terms of the partnership agreement had to contribute £1,000 to the capital of the partnership.

FUTURE INNS, BRISTOL GENERAL PARTNER, LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2017

5. RELATED PARTY TRANSACTIONS

In accordance with the partnership agreement, management and franchise fees of 8% of room hire revenue and 3% of other revenues receivable by Future Inns, Bristol, Limited Partnership are payable to the partnership. Management and franchise fees of £291,512 (2016: £277,678) were receivable by the partnership during the year in respect of this agreement. The partnership was owed £922,822 (2016: £865,314) by Future Inns, Bristol, Limited Partnership in respect of management and franchise fees at the year end.

At the year end an amount of £20,000 (2016: £20,000) was owed by Future Inns, Bristol, Limited Partnership in respect of amounts loaned in 2013.

At the year end an amount of £25,243 (2016: £25,243) was owed to Future Inns, Bristol, Limited Partnership. This is in respect of expenses borne on behalf of the partnership.

6. PARTNERS' CAPITAL AND SHARING OF INCOME

The income and losses are allocated to the limited partners under the terms of the limited partnership agreement and are reduced by cash distributions. Net gains and losses are distributed 100% to the limited partners, and the share of net income is agreed as 50% to each of the limited partners.

Movements in partners' capital accounts during the period:

	31 Dec 17	31 Dec 16
	£	£
General partner's capital account	<u>1,000</u>	<u>1,000</u>
Limited partners' capital accounts	<u>-</u>	<u>-</u>

The General Partner has contributed £1,000 to the capital of the partnership.

REGISTRATION NUMBER LP011838

FUTURE INNS, BRISTOL, LIMITED PARTNERSHIP
FINANCIAL STATEMENTS
31 DECEMBER 2017

THESE PARTNERSHIP
ACCOUNTS FORM
PART OF THE ACCOUNTS
OF COMPANY
No. 5848645

FUTURE INNS, BRISTOL, LIMITED PARTNERSHIP
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

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FUTURE INNS, BRISTOL, LIMITED PARTNERSHIP
REPORT ON BEHALF OF THE GENERAL PARTNER
YEAR ENDED 31 DECEMBER 2017

I'm pleased to attach audited statements of account for Future Inns, Bristol, Limited Partnership for the financial year ending 31 December 2017.

The year 2017 has been a period of growth for our business. We believe this is partly due to the lower value of British pounds sterling, which has served to buoy demand from both domestic and international travellers who have recognised the relative good value of vacationing in Britain compared with foreign destinations with stronger valued currencies.

Domestic travel and related growth in the hotels sector has remained strong throughout the year, and this is reflected in higher levels of profits than we have achieved in any year prior to 2017.

For the financial year 2017, we have generated profits from operations, before depreciation and impairment reversal, of £750,017, compared to the corresponding profit level of £490,172 in 2016, meaning that profits improved by more than 50% for the financial year. It represents profitability from operations at a rate of 9.37% (2016: 6.13%) of invested equity in our partnership.

A reconciliation of profit for the year between the management accounts and statutory financial statements is provided below:

	2017	2016
Profit reported in the statement of comprehensive income	3,254,485	187,185
Depreciation	270,913	302,987
Impairment reversal	(2,775,381)	-
Profit before depreciation and impairment reversal as reported in our management accounts	750,017	490,172

We have remained fully compliant with banking covenants during the year.

Capital repayment obligations have been met on schedule.

Four distributions of profit were made to Limited Partners in 2017, one each quarter. We forecast to continue with subsequent distributions each quarter of the year, dependent upon maintaining adequate profitability to assure positive cash flow after making such distributions.

For 2018, we have set a budget which allows for further growth in profitability, at a pace we believe is realistic. Our hotel continues to achieve good guest satisfaction rankings, and is therefore positioned well to achieve further improving returns on investment for investors in the upcoming year. Further improvement is dependent upon market conditions remaining strong.

The Bristol hotels market has welcomed several newly built hotels during the past two years, with one further scheduled to open in 2019. This new competition has limited our ability to raise room-rates. Albeit we believe the hotel market remains strong enough to absorb these new rooms with little overall effect on our profitability.

FUTURE INNS, BRISTOL, LIMITED PARTNERSHIP

REPORT ON BEHALF OF THE GENERAL PARTNER *(continued)*

YEAR ENDED 31 DECEMBER 2017

STATEMENT OF GENERAL PARTNER'S RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The General Partner is responsible for preparing the strategic report, the report on behalf of the general partner and the financial statements in accordance with applicable law and regulation.

Company law as applied to qualifying partnerships requires the General Partner to prepare financial statements for each financial year. Under that law the General Partner has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the General Partner must not approve the financial statements unless it is satisfied that they give a true and fair view of the state of affairs of the Partnership and of the profit or loss of the Partnership for that year.

In preparing these financial statements, the General Partner is required to:

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

The General Partner is responsible for keeping adequate accounting records that are sufficient to show and explain the Partnership's transactions, and disclose with reasonable accuracy at any time the financial position of the Partnership, and enable the General Partner to ensure that the financial statements comply with the Companies Act 2006, as applied to qualifying partnerships. The General Partner is also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

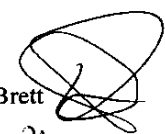
PROVISION OF INFORMATION TO AUDITORS

The General Partner at the time when this report is approved has confirmed that:

- so far as the General Partner is aware, there is no relevant audit information of which the partnership's auditors are unaware, and
- the General Partner has taken all the steps that ought to have been taken as a General Partner in order to be aware of any information needed by the partnership's auditors in connection with preparing their report and to establish that the partnership's auditors are aware of that information.

D G Brett

Date:



26 March 2018

For and on behalf of Future Inns, Bristol GP, Limited as General Partner, and also on behalf of Future Inns, Bristol General Partner, Limited Partnership which has been delegated to carry out certain of the duties of the General Partner.

FUTURE INNS, BRISTOL, LIMITED PARTNERSHIP
STRATEGIC REPORT
YEAR ENDED 31 DECEMBER 2017

The general partner is pleased to present its Strategic Report for the year ending 31 December 2017.

PRINCIPAL ACTIVITY

The principal activity of the partnership is the management and operation of the Future Inns hotel located in Bristol.

BUSINESS REVIEW

A comprehensive business review is provided in the report of the general partner on page 1.

The financial performance of the partnership during the year and the financial position of the partnership at the end of the year are detailed on pages 7 and 10-11 respectively.

The key performance indicators (KPIs) shared monthly with key stakeholders and used by management for the purpose of monitoring the performance of the partnership are as follows:

- Earnings before interest, tax, depreciation, amortisation and management and franchise fees (EBITDAM)
- Revenue per room
- Debt service cover (calculated as a ratio of EBITDAM to capital and interest payments)

Owing to the factors noted in the report on behalf of the general partner, 2017 has seen a 19% increase (2016: 4% decrease) in EBITDAM and a 22% increase (2016: 2% decrease) in debt service cover. The partnership has seen a 4% increase in revenue per room (2016: 4% increase) and remains confident about the future trading prospects of the hotel.

PRINCIPAL RISKS AND UNCERTAINTIES

Future Inns, Bristol, Limited Partnership is dependent on the continued support of its Limited Partners and the provision of loan finance from the bank.

This reliance on bank loan finance brings with it an element of interest rate risk which is managed via long term financing agreements.

While the hotel chain is also susceptible to wider economic change and fluctuations in the discretionary spending power of the population, diversity in the target market ensures that the impact of any such change is minimised.

D G Brett

Date: 26 March 2018

For and on behalf of Future Inns, Bristol GP, Limited as General Partner, and also on behalf of Future Inns, Bristol General Partner, Limited Partnership which has been delegated to carry out certain of the duties of the General Partner.

FUTURE INNS, BRISTOL, LIMITED PARTNERSHIP

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

YEAR ENDED 31 DECEMBER 2017

Opinion

We have audited the financial statements of Future Inns, Bristol, Limited Partnership (the 'qualifying partnership') for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Partners' Capital and the 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).

This report is made solely to the qualifying partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to qualifying partnerships. Our audit work has been undertaken so that we might state to the qualifying partnership'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 qualifying partnership and the qualifying partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion, the financial statements:

- give a true and fair view of the state of the qualifying partnership's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships.

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 qualifying partnership 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 members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the qualifying partnership'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.

FUTURE INNS, BRISTOL, LIMITED PARTNERSHIP

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS (continued)

YEAR ENDED 31 DECEMBER 2017

Other information

The other information comprises the information included in the Strategic Report and Report on behalf of the General Partner, other than the financial statements and our auditor's report thereon. The members are responsible for the other information. 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.

Opinion on other matters prescribed by the Companies Act 2006 as applied to qualifying partnerships

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

- the information given in the Strategic Report and Report on behalf of the General Partner for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Report on behalf of the General Partner 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 qualifying partnership and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Report on behalf of the General Partner.

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to qualifying partnerships 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 member' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the General Partner

As explained more fully in the Statement of General Partner's Responsibilities set out on page 2, the General Partner is 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 General Partner determines 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 General Partner is responsible for assessing the qualifying partnership'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 General Partner either intends to liquidate the qualifying partnership or to cease operations, or have no realistic alternative but to do so.

FUTURE INNS, BRISTOL, LIMITED PARTNERSHIP

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS (continued)

YEAR ENDED 31 DECEMBER 2017

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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Nexia Smith & Williamson

Kelly Jones
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

Portwall Place
Portwall Lane
Bristol
BS1 6NA

Date: 27 March 2018

FUTURE INNS, BRISTOL, LIMITED PARTNERSHIP
STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2017

		Year ended 31 Dec 17 £	Year ended 31 Dec 16 £
REVENUE	Page 8	4,201,392	3,993,526
EXPENSES			
Controllable expenses	Page 8	(1,528,926)	(1,590,603)
Management and franchise fees		(291,512)	(277,678)
Payroll expenses	Page 9	(1,059,692)	(1,027,495)
Business rates		(148,975)	(146,661)
		<u>(3,029,105)</u>	<u>(3,042,437)</u>
PROFIT BEFORE INTEREST, EXCEPTIONAL ITEM AND DEPRECIATION		1,172,287	951,089
Depreciation	Note 4	(270,913)	(302,987)
PROFIT BEFORE INTEREST AND EXCEPTIONAL ITEM		<u>901,374</u>	<u>648,102</u>
Reversal of past impairment	Note 4	2,775,381	-
PROFIT BEFORE INTEREST		<u>3,676,755</u>	<u>648,102</u>
Interest on long-term debt	Note 5	(422,270)	(460,917)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>3,254,485</u>	<u>187,185</u>
GENERAL PARTNER'S SHARE OF TOTAL COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
LIMITED PARTNERS' SHARE OF TOTAL COMPREHENSIVE INCOME		<u>3,254,485</u>	<u>187,185</u>

FUTURE INNS, BRISTOL, LIMITED PARTNERSHIP
DETAILED BREAKDOWN OF INCOME AND EXPENSES
YEAR ENDED 31 DECEMBER 2017

REVENUE	Year ended 31 Dec 17	Year ended 31 Dec 16
	£	£
Room revenue	3,080,744	2,950,041
Restaurant revenue	697,641	650,048
Other revenue	31,739	33,332
Conference revenue	391,268	360,105
	<u>4,201,392</u>	<u>3,993,526</u>
EXPENSES		
Controllable expenses		
Audit	10,750	10,475
Accounting and tax	15,305	13,286
Advertising	40,849	46,732
Food purchases	220,549	209,891
Beverage purchases	68,148	60,526
Consumable supplies	74,386	80,688
Cleaning supplies	33,011	32,556
Commission and credit searches	307,671	347,099
Dry cleaning and other guest services	37,829	39,811
IT services	68,568	63,523
Electricity and gas	172,346	174,448
Insurance	32,197	33,378
Bank charges	10,214	10,433
Licences	6,823	6,767
Dispense gas	688	715
Repairs and maintenance	101,813	97,787
Room supplies	65,270	105,465
Travel expenses	9,939	11,697
Telephone	9,766	10,142
Staff training	1,487	4,152
Legal and professional	29,292	33,222
Credit card charges	58,893	41,970
Water rates	37,613	36,823
HQ costs	100,084	110,485
Recruitment, uniforms and contract labour	2,667	1,869
Equipment hire	11,711	5,686
Bad debts	1,057	977
	<u>1,528,926</u>	<u>1,590,603</u>

FUTURE INNS, BRISTOL, LIMITED PARTNERSHIP**DETAILED BREAKDOWN OF INCOME AND EXPENSES (continued)****YEAR ENDED 31 DECEMBER 2017**

	Year ended 31 Dec 17	Year ended 31 Dec 16
Payroll expenses		
Hotel and restaurant wages	992,572	962,619
Hotel and restaurant NI	61,383	59,365
Hotel and restaurant pension	5,737	5,511
	<u>1,059,692</u>	<u>1,027,495</u>

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

	2017 No.	2016 No.
Management and administration staff	17	15
Service staff	45	47
	<u>62</u>	<u>62</u>

FUTURE INNS, BRISTOL, LIMITED PARTNERSHIP
STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2017

	Note	31 Dec 17 £	31 Dec 16 £
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	17,575,718	15,038,561
CURRENT ASSETS			
Inventories		11,388	12,044
Accounts receivable		64,319	45,847
Amounts due from related parties	6	6,243	6,243
Prepaid expenses		93,644	94,824
Cash at bank and in hand		399,139	220,719
		<u>574,733</u>	<u>379,677</u>
TOTAL ASSETS		<u>18,150,451</u>	<u>15,418,238</u>
LIABILITIES			
CURRENT LIABILITIES			
Current portion of long-term debt	5	437,955	421,366
Finance lease liability		21,444	11,605
Accounts payable		248,925	205,197
Amounts due to related parties	6	931,807	871,370
Other taxes and social security		178,918	183,967
Other creditors		28,331	27,906
Accrued liabilities		71,788	75,806
CURRENT LIABILITIES		<u>1,919,168</u>	<u>1,797,217</u>
NON CURRENT LIABILITIES			
Long-term debt	5	9,874,239	10,312,194
Finance lease liability		25,072	19,340
NON CURRENT LIABILITIES		<u>9,899,311</u>	<u>10,331,534</u>
TOTAL LIABILITIES		<u>11,818,479</u>	<u>12,128,751</u>

FUTURE INNS, BRISTOL, LIMITED PARTNERSHIP**STATEMENT OF FINANCIAL POSITION (continued)****31 DECEMBER 2017**

	Note	31 Dec 17	31 Dec 16
		£	£
LIMITED PARTNERS' CAPITAL			
Capital account	8	8,000,000	8,000,000
Income account			
- Balance brought forward	(4,711,513)	(4,838,698)	
- Share of profit	3,254,485	187,185	
- Cash Distributions	(212,000)	(60,000)	
- Balance carried forward		(1,669,028)	(4,711,513)
Total Limited Partners' Capital		<u>6,330,972</u>	<u>3,288,487</u>
GENERAL PARTNER'S CAPITAL			
Capital account	8	1,000	1,000
Income account			
- Balance brought forward	-	-	
- Share of profit	-	-	
- Balance carried forward		-	-
Total General Partner's Capital		<u>1,000</u>	<u>1,000</u>
TOTAL EQUITY		<u>6,331,972</u>	<u>3,289,487</u>
		<u>18,150,451</u>	<u>15,418,238</u>

These financial statements were approved and authorised for issue by the General Partner on 26 March 18 and are signed on their behalf by:

D G Brett



For and on behalf of Future Inns, Bristol GP, Limited as General Partner, and also on behalf of Future Inns, Bristol General Partner, Limited Partnership which has been delegated to carry out certain of the duties of the General Partner.

Registration Number: LP011838

FUTURE INNS, BRISTOL, LIMITED PARTNERSHIP

STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2017

	£	Year ended 31 Dec 17 £	Year ended 31 Dec 16 £
NET CASH GENERATED FROM OPERATING ACTIVITIES		1,251,174	1,042,627
INVESTING ACTIVITIES			
Purchase of property plant and equipment	(258)	(6,735)	
NET CASH USED IN INVESTING ACTIVITIES		(258)	(6,735)
FINANCING ACTIVITIES			
Repayment of borrowings	(421,366)	(400,000)	
Finance lease repayments	(16,860)	(3,868)	
Interest paid	(422,270)	(460,917)	
Cash distributions	(212,000)	(60,000)	
NET CASH USED IN FINANCING ACTIVITIES		(1,072,496)	(924,785)
Net increase in cash and cash equivalents		178,420	111,107
Cash and cash equivalents at the beginning of the year		220,719	109,612
Cash and cash equivalents at the end of the year		399,139	220,719
CASH AND CASH EQUIVALENTS CONSISTS OF:			
Cash at bank and in hand		399,139	220,719

FUTURE INNS, BRISTOL, LIMITED PARTNERSHIP
STATEMENT OF CASH FLOWS *(continued)*
YEAR ENDED 31 DECEMBER 2017

NET CASH GENERATED FROM OPERATING ACTIVITIES

	Year ended 31 Dec 17	Year ended 31 Dec 16
	£	£
Net profit	3,254,485	187,185
Depreciation	270,913	302,987
Impairment reversal	(2,775,381)	-
Long-term interest expensed to statement of income	422,270	460,917
Decrease/(increase) in stocks	656	(1,841)
(Increase)/decrease in debtors	(17,292)	36,629
Increase in creditors	95,523	56,750
Net cash inflow from operating activities	<u>1,251,174</u>	<u>1,042,627</u>

FUTURE INNS, BRISTOL, LIMITED PARTNERSHIP
STATEMENT OF CHANGES IN PARTNERS' CAPITAL
YEAR ENDED 31 DECEMBER 2017

	Year ended 31 Dec 17 £	Year ended 31 Dec 16 £
LIMITED PARTNERS' CAPITAL		
Balance at beginning of year	3,288,487	3,161,302
SHARE OF COMPREHENSIVE INCOME	3,254,485	187,185
Cash distributions	6,542,972 (212,000)	3,348,487 (60,000)
Balance at end of year	<u>6,330,972</u>	<u>3,288,487</u>
Allocated as follows:		
Capital account	<u>8,000,000</u>	<u>8,000,000</u>
Income account	<u>(1,669,028)</u>	<u>(4,711,513)</u>
GENERAL PARTNER'S CAPITAL		
Balance at beginning of year	1,000	1,000
SHARE OF COMPREHENSIVE INCOME	-	-
Cash distributions	1,000 -	1,000 -
Balance at end of year	<u>1,000</u>	<u>1,000</u>
Allocated as follows:		
Capital account	<u>1,000</u>	<u>1,000</u>
Income account	<u>-</u>	<u>-</u>

Included within Limited Partners' capital is £1,152,425 (2016: £3,927,806) unrealised losses relating to impairment charges. Excluding impairment charges, Limited Partners' capital would stand at £7,483,397 (2016: £7,216,293).

FUTURE INNS, BRISTOL, LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

1. DESCRIPTION OF BUSINESS

Future Inns, Bristol, Limited Partnership is a limited partnership formed under the Limited Partnership Act 1907, which runs a 149 room Future Inn with conference facilities and a restaurant and bar in Bristol, in the United Kingdom.

The address of the registered office is Hemingway Road, Cardiff, CF10 4AU.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

These financial statements are prepared in accordance with FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”, under the historical cost convention, in accordance with the Limited Partnerships accounting policies and the Partnership Agreement.

These financial statements reflect the operations of Future Inns, Bristol, Limited Partnership. They do not include all the assets, liabilities and earnings of the partners. No provision has been made in these financial statements for income taxes, which are the responsibility of each partner.

Going concern

The financial statements are prepared on a going concern basis.

The partnership’s forecasts and projections, taking account of possible changes in trading performance show that the partnership should be able to continue to operate within the level of its current facilities.

The general partner has a reasonable expectation that the partnership has adequate resources to continue operating and is prepared to defer payment of management and franchise fees to support the cash needs of the business and obtain funds from other Future Inns entities should it be required. Thus the financial statements have been prepared on the going concern basis of accounting.

Revenue recognition

The revenue shown in the Statement of Comprehensive Income represents amounts for goods sold and services provided during the period, exclusive of Value Added Tax.

FUTURE INNS, BRISTOL, LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment and depreciation

Property, plant and equipment is stated at cost, net of depreciation and impairment charges.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset at the following annual rates:

Plant & Machinery	-	6.6% straight line
Furniture, Fixtures & Equipment	-	12.5% straight line

Long Leasehold Land is not depreciated.

No depreciation is provided on Capital Building & Improvements. It is the Limited Partnership's practice to maintain these assets in a continual state of sound repair. Accordingly the lives of these assets are so long, and residual values are so high, that their depreciation is insignificant. Moreover, costs incurred on repair and refurbishment programmes are written off to the Statement of Comprehensive Income as incurred.

Property, plant and equipment is reviewed annually for indicators of impairment and where any such indicators are identified, a full impairment review is undertaken and a provision for impairment is recognised in the financial statements where required. Similarly, where an indicator that an impairment loss recognised in prior periods may no longer exist or may have decreased is identified, a reversal of past impairments is recognised based on the recoverable amount of the cash generating unit.

The interest cost of debt attributable to the construction of the hotel was capitalised during the construction period.

Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Leases

Where the partnership enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the statement of financial position as property, plant and equipment and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included within creditors.

All other leases are classified as operating with rentals payable under operating lease arrangements charged to the statement of comprehensive income on a straight-line basis over the term of the lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the partnership becomes a party to the contractual provisions of the instrument.

FUTURE INNS, BRISTOL, LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Trade and other receivables and payables are classified as basic financial instruments and measured at initial recognition at transaction price and, subsequently at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the partnership will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank and short-term bank deposits with an original maturity of three months or less.

Financial liabilities issued by the partnership are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability.

Interest bearing bank loans and other loans which meet the criteria to be classified as basic financial instruments are initially recorded at the present value of cash payable to the bank, which is ordinarily equal to the proceeds received net of direct issue costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

3. KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period.

Judgements

Financial instruments classification

The classification of financial instruments as “basic” or “other” requires judgement as to whether all the applicable conditions for classification are met. This includes consideration of the form of the instrument and its return.

Key sources of estimation uncertainty

Property, plant and equipment

The property, plant and equipment used within the Limited Partnership have estimated useful lives between 8 and 15 years, with the exception of Long Leasehold Land and Capital building and improvements which are not depreciated as detailed in the property, plant and equipment accounting policy. Overall net book value as at year-end is £17,575,718 (2016: 15,038,561).

The depreciation charge is sensitive to the lives allocated to asset. Asset lives and residual values are reviewed regularly and the residual useful lives amended where necessary in light of technological change, prospective economic utilisation and the physical condition of the assets. The total charge for the year was £270,913 (2016: £302,987).

FUTURE INNS, BRISTOL, LIMITED PARTNERSHIP**NOTES TO THE FINANCIAL STATEMENTS (continued)****YEAR ENDED 31 DECEMBER 2017****3. KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS (continued)****Impairment of assets**

Property, plant and equipment is reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount of an asset or cash-generating unit is determined based on value-in-use calculations incorporating management's assumptions and estimates of discounted future cash flows. Similarly, where an indicator that an impairment loss recognised in prior periods may no longer exist or may have decreased is identified, a reversal of past impairments is recognised based on the recoverable amount of the cash generating unit. Indicators for the year suggest that based on value in use calculated the amount of past impairment to be reversed for the year is £2,775,381 (2016: £nil).

4. PROPERTY, PLANT AND EQUIPMENT

	Long Leasehold Land £	Capital Building & Improvements £	Plant & Machinery £	Furniture, Fixtures & Equipment £	Total £
COST					
At 1 January 2017	2,760,000	14,540,651	3,010,211	845,753	21,156,615
Additions	-	-	3,052	29,637	32,689
At 31 December 2017	<u>2,760,000</u>	<u>14,540,651</u>	<u>3,013,263</u>	<u>875,390</u>	<u>21,189,304</u>
DEPRECIATION					
At 1 January 2017	626,569	3,301,237	1,415,696	774,552	6,118,054
Charge for the period	-	-	198,786	72,127	270,913
Impairment reversal	(442,769)	(2,332,612)	-	-	(2,775,381)
At 31 December 2017	<u>183,800</u>	<u>968,625</u>	<u>1,614,482</u>	<u>846,679</u>	<u>3,613,586</u>
NET BOOK VALUE					
At 31 December 2017	<u>2,576,200</u>	<u>13,572,026</u>	<u>1,398,781</u>	<u>28,711</u>	<u>17,575,718</u>
At 31 December 2016	<u>2,133,431</u>	<u>11,239,414</u>	<u>1,594,515</u>	<u>71,201</u>	<u>15,038,561</u>

The cost of Capital Building & Improvements includes £298,207 (2016: £298,207) of capitalised interest cost during construction.

The net book value of assets held under finance lease arrangements, included above, is £46,517 (2016: £30,944). The depreciation charged to the statement of comprehensive income in respect of these items is £3,436 (2016: £2,042).

The General Partner identified that impairment indicators identified in prior periods may no longer exist. Accordingly, the value in use was calculated, based on future cash flow projections over a 10 year period at a discount rate of 10.25% and applying an inflation rate of 2% per annum. The cashflows after year 10 have been calculated based on an exit yield of 8.25%.

FUTURE INNS, BRISTOL, LIMITED PARTNERSHIP**NOTES TO THE FINANCIAL STATEMENTS (continued)****YEAR ENDED 31 DECEMBER 2017**

4. PROPERTY, PLANT AND EQUIPMENT (continued)

For simplicity, the impairment charge in previous years and subsequent reversals resulting from an upturn in economic conditions have been apportioned against Long Leasehold Land and Capital Building & Improvement as these asset classes are those that are non-depreciating.

5. LONG TERM DEBT

Creditors include finance capital, which is due for repayment as follows:

	31 Dec 17 £	31 Dec 16 £
Amounts repayable:		
In one year or less or on demand	437,955	421,366
In more than one year but not more than two years	9,474,239	437,954
In more than two years but not more than five years	400,000	9,874,240
	<u>10,312,194</u>	<u>10,733,560</u>
Less: Current portion of long-term debt	(437,955)	(421,366)
	<u>9,874,239</u>	<u>10,312,194</u>

At 31 December 2017 the partnership had various loans repayable by instalments as disclosed above.

Included in the long term debt above is £400,000 in the form of mezzanine finance. This is secured by way of a second legal charge on the assets of the business.

The bank loan bears interest at 3.5% above LIBOR (2016: 3.5% above LIBOR). The mezzanine finance bears interest at 7.5% above base rate (2016: 7.5% above base rate).

The bank facility is secured by a Mortgage Debenture over all the assets of the partnership, a First Legal Mortgage over the freehold land and an assignment of a Life Policy on the life of D G Brett.

The Partnership is party to an unlimited cross guarantee executed by Future Inns, Bristol GP, Limited and Future Inns, Bristol Nominee, Limited for the obligations of the Partnership. At the year end the exposure is £nil (2016: £ nil).

FUTURE INNS, BRISTOL, LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2017

6. RELATED PARTY TRANSACTIONS

The General Partner is Future Inns, Bristol General Partner, Limited Partnership.

During the year shared expenses incurred by Future Inns, Cardiff, Limited Partnership and Future Inns, Plymouth, Limited Partnership, were recharged to the partnership. The recharge totalled £79,070 (2016: £46,021) for Future Inns, Cardiff, Limited Partnership and £4,810 (2016: £3,652) for Future Inns, Plymouth, Limited Partnership. The amount outstanding at the year-end was £7,522 (2016: £4,456) owed to Future Inns, Cardiff, Limited Partnership and £318 (2016: £nil) owed to Future Inns, Plymouth, Limited Partnership.

During the year shared expenses were incurred by the Limited Partnership on behalf of Future Inns, Plymouth, Limited Partnership and subsequently recharged amounting to £1,295 (2016: £3,486), which were fully settled during the year. During the year shared expenses were incurred by the Limited Partnership on behalf of Future Inns, Cardiff, Limited Partnership and subsequently recharged amounting to £1,131 (2016: £4,218), which were fully settled during the year.

At the year end an amount of £1,000 (2016: £1,000) was owed to the partnership by Future Inns, Bristol GP, Limited.

During 2013, Future Inns, Bristol General Partner, Limited Partnership gave a loan of £40,000 to Future Inns, Bristol, Limited Partnership. At the year end a balance of £20,000 (2016: £20,000) was owed to Future Inns, Bristol General Partnership, Limited Partnership.

At the year-end an amount of £25,243 (2016: £25,243) was owed to the Partnership by Future Inns, Bristol General Partner, Limited Partnership in relation to past expenses incurred by the Limited Partnership on behalf of Future Inns, Bristol General Partner, Limited Partnership.

In accordance with the partnership agreement, management and franchise fees of £291,512 (2016: £277,678) are payable by the partnership during the year to Future Inns, Bristol General Partner, Limited Partnership. At the year end an amount of £922,822 (2016: £865,314) was owed to Future Inns, Bristol General Partner, Limited Partnership in relation to management and franchise fees.

At 31 December 2017, the partnership owed £1,145 in relation to partnership expenses (2016: £1,600) to Del Brett, a partner within the General Partner entity.

Cash distributions of £212,000 (2016: £60,000) were paid in the year to the Limited Partners relative to their capital investment in Future Inns, Bristol, Limited Partnership. Included in this amount is £10,272 (2016 - £2,907) paid to Future Inns, UK, Limited, £1,767 (2016 - £500) paid to D Brett. Also included in this amount is £51,233 (2016 - £14,500) paid to MBFIB Limited and £5,300 (2016 - £1,500) paid to 3068882 Nova Scotia Limited, companies wholly owned by Marilyn Brett, a partner within the General Partner entity.

The General Partner does not consider there to be an ultimate controlling party of the partnership.

FUTURE INNS, BRISTOL, LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2017

7. OPERATING LEASE COMMITMENTS

At 31 December 2017, commitments for future minimum lease payments under non-cancellable operating leases fall due as follows:

	31 Dec 17 £	31 Dec 16 £
Expiry date:		
< 1 year	34,061	34,061
2-5 years	124,892	136,246
> 5 years	-	22,708
	<u>158,953</u>	<u>193,015</u>

8. PARTNERS' CAPITAL AND SHARING OF INCOME

The interest of the limited partners in the partnership is divided into 8,000,000 units issued for £1 each. The total number of units issued will not exceed 8,000,000 as per the terms of the Partnership Agreement.

The general partner is due to contribute £1,000 to the capital of the partnership.

The income and losses are allocated to the limited partners under the terms of the limited partnership agreement and are reduced by cash distributions. To the extent that net gains for the financial year, if any, on the sale of a capital asset do not exceed net income, the net gains are allocated 60% to the limited partners and 40% to the general partner. The net income, less any net gains, are allocated, to the extent available, firstly to allocate an amount equal to a rate of return of 12% per annum of the balance credited to the limited partners' invested capital account with any remainder being allocated 60% to the limited partners and 40% to the general partner.

A net loss in any financial year is allocated to the limited partners unless the net loss exceeds the amount which the limited partners are entitled under applicable law to deduct in a financial year as a consequence of a loss incurred by the partnership in that year, whereby the excess loss is allocated to the general partner. Movements in partners' capital accounts during the year are shown on page 14.