

REGISTERED NUMBER: 05948357 (England and Wales)

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
FOR
KHANNA ENTERPRISES (KENILWORTH) LIMITED**

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Page
Company Information	1
Strategic Report	2
Report of the Directors	3
Report of the Independent Auditors	5
Income Statement	7
Other Comprehensive Income	8
Balance Sheet	9
Statement of Changes in Equity	10
Notes to the Financial Statements	11

KHANNA ENTERPRISES (KENILWORTH) LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2018**

DIRECTORS:

L M Becker
J D Levy
C A Lewis
N S Rubin
M D Rubin
A R Rubin

REGISTERED OFFICE:

Greenhill House
90/93 Cowcross Street
London
EC1M 6BF

REGISTERED NUMBER:

05948357 (England and Wales)

AUDITORS:

Goldwyns Limited
Statutory Auditors
Chartered Accountants
Rutland House
90-92 Baxter Avenue
Southend on Sea
Essex
SS2 6HZ

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

The directors present their strategic report for the year ended 31 December 2018.

REVIEW OF BUSINESS

The results for the year show revenues generated of £3,141,677 (2017 - £3,354,920) and a resultant profit before tax of £264,894 (2017 - £590,621).

Significant refurbishment works hampered the company's ability to trade to full capacity this year, although this will be to the ongoing benefit of the hotel.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risk to the business is inadequate occupancy of its available rooms and therefore an inability to generate sufficient revenues to service operations. The directors closely monitor the company's performance against similar companies operating in comparable markets and respond accordingly.

Furthermore, the company is susceptible to any loss in key members of operational staff and therefore operates a number of performance reward and incentive programmes to mitigate these risks.

ON BEHALF OF THE BOARD:

J D Levy - Director

25 September 2019

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2018**

The directors present their report with the financial statements of the company for the year ended 31 December 2018.

DIVIDENDS

An interim dividend of £381,500 per share was paid on 31 October 2018. The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 31 December 2018 will be £ 381,500 .

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2018 to the date of this report.

L M Becker
J D Levy
C A Lewis
N S Rubin
M D Rubin
A R Rubin

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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 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 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2018**

AUDITORS

The auditors, Goldwyns Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

J D Levy - Director

25 September 2019

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF KHANNA ENTERPRISES (KENILWORTH) LIMITED

Opinion

We have audited the financial statements of Khanna Enterprises (Kenilworth) Limited (the 'company') for the year ended 31 December 2018 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the 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 in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF KHANNA ENTERPRISES (KENILWORTH) LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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 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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors 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 Report of the Auditors.

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 a Report of the Auditors 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.

S Blundell ACA (Senior Statutory Auditor)
for and on behalf of Goldwyns Limited
Statutory Auditors
Chartered Accountants
Rutland House
90-92 Baxter Avenue
Southend on Sea
Essex
SS2 6HZ

25 September 2019

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Notes	2018 £	2017 £
TURNOVER		3,141,677	3,354,920
Cost of sales		<u>1,815,846</u>	<u>1,789,840</u>
GROSS PROFIT		1,325,831	1,565,080
Administrative expenses		<u>1,007,408</u>	<u>950,154</u>
OPERATING PROFIT	4	318,423	614,926
Interest receivable and similar income		<u>-</u>	<u>2</u>
		318,423	614,928
Interest payable and similar expenses	6	<u>53,529</u>	<u>24,307</u>
PROFIT BEFORE TAXATION		264,894	590,621
Tax on profit	7	<u>27,978</u>	<u>99,574</u>
PROFIT FOR THE FINANCIAL YEAR		<u>236,916</u>	<u>491,047</u>

The notes form part of these financial statements

**OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Notes	2018 £	2017 £
PROFIT FOR THE YEAR		236,916	491,047
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>236,916</u>	<u>491,047</u>

BALANCE SHEET
31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
FIXED ASSETS					
Intangible assets	9		15,000		18,000
Tangible assets	10		<u>5,470,306</u>		<u>5,145,913</u>
			5,485,306		5,163,913
CURRENT ASSETS					
Stocks	11	18,568		20,534	
Debtors	12	133,916		173,188	
Cash at bank and in hand		<u>107,431</u>		<u>44,857</u>	
		259,915		238,579	
CREDITORS					
Amounts falling due within one year	13	<u>4,496,160</u>		<u>4,369,460</u>	
NET CURRENT LIABILITIES			<u>(4,236,245)</u>		<u>(4,130,881)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			1,249,061		1,033,032
CREDITORS					
Amounts falling due after more than one year	14		(335,513)		-
PROVISIONS FOR LIABILITIES	17		<u>(63,500)</u>		<u>(38,400)</u>
NET ASSETS			<u>850,048</u>		<u>994,632</u>
CAPITAL AND RESERVES					
Called up share capital	18		1		1
Retained earnings	19		<u>850,047</u>		<u>994,631</u>
SHAREHOLDERS' FUNDS			<u>850,048</u>		<u>994,632</u>

The financial statements were approved by the Board of Directors on 25 September 2019 and were signed on its behalf by:

J D Levy - Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2017	1	783,584	783,585
Changes in equity			
Dividends	-	(280,000)	(280,000)
Total comprehensive income	-	491,047	491,047
Balance at 31 December 2017	<u>1</u>	<u>994,631</u>	<u>994,632</u>
Changes in equity			
Dividends	-	(381,500)	(381,500)
Total comprehensive income	-	236,916	236,916
Balance at 31 December 2018	<u>1</u>	<u>850,047</u>	<u>850,048</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. STATUTORY INFORMATION

Khanna Enterprises (Kenilworth) Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The company trades from its property in Kenilworth, Warwick.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

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

Financial Reporting Standard 102 - reduced disclosure exemptions

Exemption has been taken from preparing a cash flow statement in accordance with section 7 of FRS 102 on the grounds that the parent company includes the subsidiary in its published financial statements.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Turnover represents the income receivable by the company from its trading activities as a hotel. Sales encompass room hire, food and beverage income and all other associated ancillary hotel and guest services. Turnover is recognised in the period in which the physical goods are sold, as services are performed or otherwise as entitlement accrues to the company.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Patents and licences are being amortised evenly over their estimated useful life of ten years.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- 2% on cost
Equipment	- 25% on reducing balance and 15% on reducing balance
Fixtures and fittings	- 15% on reducing balance
Computer equipment	- 33% on cost

3. EMPLOYEES AND DIRECTORS

	2018	2017
	£	£
Wages and salaries	839,896	789,319
Social security costs	40,514	40,009
Other pension costs	5,681	2,990
	<u>886,091</u>	<u>832,318</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

3. EMPLOYEES AND DIRECTORS - continued

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

	2018	2017
Staff	73	70
Directors	<u>6</u>	<u>6</u>
	<u>79</u>	<u>76</u>
	2018	2017
	£	£
Directors' remuneration	<u>-</u>	<u>-</u>

4. OPERATING PROFIT

The operating profit is stated after charging:

	2018	2017
	£	£
Hire of plant and machinery	31,393	32,420
Depreciation - owned assets	271,855	217,089
Patents and licences amortisation	<u>3,000</u>	<u>3,000</u>

5. AUDITORS' REMUNERATION

	2018	2017
	£	£
Fees payable to the company's auditors for the audit of the company's financial statements	12,200	9,800
Audit remuneration - other non-audit services	<u>146</u>	<u>10,740</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2018	2017
	£	£
Other loan interest payable	-	24,307
Other interest	3,313	-
Hire purchase	<u>50,216</u>	<u>-</u>
	<u>53,529</u>	<u>24,307</u>

7. TAXATION**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	2018	2017
	£	£
Current tax:		
UK corporation tax	2,878	108,221
Deferred tax	25,100	(8,647)
Tax on profit	<u>27,978</u>	<u>99,574</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

7. TAXATION - continued**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2018 £	2017 £
Profit before tax	<u>264,894</u>	<u>590,621</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19%)	50,330	112,218
Effects of:		
Expenses not deductible for tax purposes	21,710	18,633
Change in tax rates	-	4,000
Group reliefs	<u>(44,062)</u>	<u>(35,277)</u>
Total tax charge	<u>27,978</u>	<u>99,574</u>

8. DIVIDENDS

	2018 £	2017 £
Ordinary share of £1		
Interim	<u>381,500</u>	<u>280,000</u>

9. INTANGIBLE FIXED ASSETS

	Patents and licences £
COST	
At 1 January 2018	
and 31 December 2018	<u>30,000</u>
AMORTISATION	
At 1 January 2018	12,000
Amortisation for year	<u>3,000</u>
At 31 December 2018	<u>15,000</u>
NET BOOK VALUE	
At 31 December 2018	<u>15,000</u>
At 31 December 2017	<u>18,000</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

10. TANGIBLE FIXED ASSETS

	Freehold property £	Equipment £	Fixtures and fittings £	Computer equipment £	Totals £
COST					
At 1 January 2018	5,777,887	3,443,413	2,601,429	80,748	11,903,477
Additions	-	26,548	569,700	-	596,248
At 31 December 2018	5,777,887	3,469,961	3,171,129	80,748	12,499,725
DEPRECIATION					
At 1 January 2018	1,092,666	3,206,323	2,377,985	80,590	6,757,564
Charge for year	98,047	62,524	111,126	158	271,855
At 31 December 2018	1,190,713	3,268,847	2,489,111	80,748	7,029,419
NET BOOK VALUE					
At 31 December 2018	4,587,174	201,114	682,018	-	5,470,306
At 31 December 2017	4,685,221	237,090	223,444	158	5,145,913

The group's bankers hold legal charges over all of the company's property in support of the group's financing facilities.

Assets held under finance leases had a carrying value at 31 December 2018 of £474,467.

11. STOCKS

	2018 £	2017 £
Stocks	<u>18,568</u>	<u>20,534</u>

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Trade debtors	98,889	127,885
Other debtors	8,834	30,802
Prepayments	26,193	14,501
	<u>133,916</u>	<u>173,188</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Finance leases (see note 15)	128,417	-
Trade creditors	139,151	115,617
Amounts owed to group undertakings	3,687,414	3,850,408
Tax	84,645	208,221
Social security and other taxes	200,410	86,544
Other creditors	215,672	56,117
Accrued expenses	40,451	52,553
	<u>4,496,160</u>	<u>4,369,460</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

14. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2018 £	2017 £
Finance leases (see note 15)	<u>335,513</u>	<u>-</u>

15. **LEASING AGREEMENTS**

Minimum lease payments under finance leases fall due as follows:

	Finance leases	
	2018 £	2017 £
Net obligations repayable:		
Within one year	128,417	-
Between one and five years	<u>335,513</u>	<u>-</u>
	<u>463,930</u>	<u>-</u>

16. **SECURED DEBTS**

The following secured debts are included within creditors:

	2018 £	2017 £
Finance leases	<u>463,930</u>	<u>-</u>

Finance lease liabilities are secured on the assets to which they relate.

17. **PROVISIONS FOR LIABILITIES**

	2018 £	2017 £
Deferred tax	<u>63,500</u>	<u>38,400</u>
		Deferred tax
		£
Balance at 1 January 2018		38,400
Accelerated capital allowances		<u>25,100</u>
Balance at 31 December 2018		<u>63,500</u>

Deferred tax provisions represent the timing differences arising on accelerated capital allowance reliefs available in excess of accounting depreciation.

18. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:			2018 £	2017 £
Number:	Class:	Nominal value:		
1	Ordinary	£1	<u>1</u>	<u>1</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

19. **RESERVES**

	Retained earnings £
At 1 January 2018	994,631
Profit for the year	236,916
Dividends	(381,500)
At 31 December 2018	<u>850,047</u>

20. **PENSION COMMITMENTS**

The company operates a defined contribution scheme in respect of its eligible employees. During the year, total contributions to this scheme amounted to £5,681 (2017 - £2,990). There were no contributions outstanding at the balance sheet date (2017 - £nil).

21. **RELATED PARTY DISCLOSURES**

During the year the company's total compensation to key management personnel (including directors) amounted to £43,680 (2017 - £42,000).

The company also utilises management services provided by a company under common control. During the year total costs arising for these management services amounted to £104,330 (2017 - £78,016). At the balance sheet date £1110,000 was owed to companies under common control (2017 - £nil).

BGAM Hotels (KW) Limited is regarded by the directors as being the company's ultimate parent company.

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.