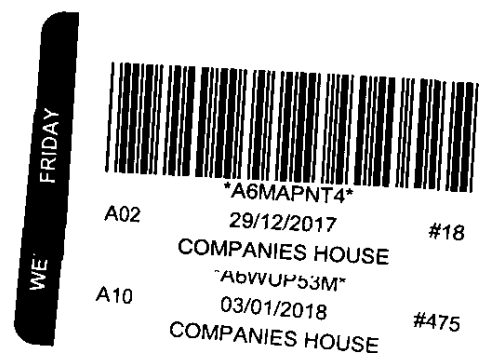


COMPANY REGISTRATION NUMBER: 06030804

**Old Thorns Golf Hotel and Country Estate (Holdings)  
Limited**

**Financial statements**

**31 March 2017**



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# **Old Thorns Golf Hotel and Country Estate (Holdings) Limited**

## **Financial statements**

**Year ended 31 March 2017**

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# **Old Thorns Golf Hotel and Country Estate (Holdings) Limited**

## **Officers and professional advisers**

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### **The board of directors**

Mr Z Zhang  
Mr Y K Phang

### **Registered office**

Old Thorns Golf Hotel and Country Estate  
Longmoor Road  
Liphook  
Hampshire  
GU30 7PE

### **Auditor**

Lovewell Blake LLP  
Chartered Accountants & statutory auditor  
Bankside 300  
Peachman Way  
Broadland Business Park  
Norwich  
NR7 0LB

# **Old Thorns Golf Hotel and Country Estate (Holdings) Limited**

## **Strategic report**

**Year ended 31 March 2017**

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### **Principal activities**

The principal activity of the Group during the year was the running of a hotel, golf and country club.

### **Review of performance throughout the year**

During the year the group increased its turnover by 8.6% to £11.663m (2016: £10.735m), occupancy was broadly in line with the prior year but 2017 saw an increase of 5.8% in the average room rate. The gross profit percentage decreased to 24.1% from 30.3% in 2016.

With the completion of the Grand Ballroom and Gatsby Suite in the previous year, which added 600 seated capacity, the hotel continued to increase its function revenue from weddings, themed party nights and specialist corporate events.

### **Future developments**

Old Thorns aims to be the destination four star resort in the south, offering a high quality product in fabulous surroundings at an attractive price.

As well as continuing to invest in the core facilities of bedrooms, function rooms, golf, spa and health club, there will be additional investment in new facilities to appeal to the wider customer base.

Risks regularly reviewed by the directors which could materially affect the company's business are:

**Financial Risk** - Treasury activities take place under procedures and policies approved and monitored by the Board. They are designed to minimise the financial risks faced by the company, i.e. liquidity risk, credit risk and interest rate risk. The Board considers that the company is not exposed to price risk or foreign exchange risk.

**Liquidity risk** - The company manages its liquidity to ensure that sufficient funds are available for ongoing operations and future developments whilst seeking to minimise interest expense.

**Credit risk** - The company's principal financial assets are cash balances and trade debtors. Credit risk on cash balances is limited as the Board only deposits funds with regulated institutions which have high credit ratings. Trade debtor balances are monitored on an ongoing basis and provision is made for doubtful debts as necessary.

**Interest rate risk** - The company is exposed to interest rate risk on its cash balances. The Board monitors interest rates available for the company's funds taking into account the company's liquidity and credit risk requirements.

**General economic situation in the UK** - The company is liable to be affected by changes in customer and business sector confidence and spending power, and may need to adjust its operations accordingly.

# Old Thorns Golf Hotel and Country Estate (Holdings) Limited

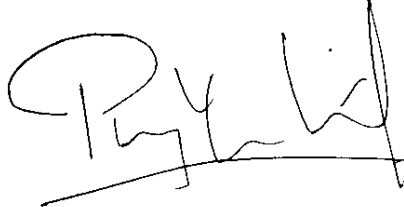
## Strategic report *(continued)*

Year ended 31 March 2017

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This report was approved by the board of directors on 22 December 2017 and signed on behalf of the board by:

Mr Y K Phang  
Director

A handwritten signature in black ink, appearing to read 'Y K Phang', with a horizontal line drawn underneath the signature.

Registered office:  
Old Thorns Golf Hotel and Country Estate  
Longmoor Road  
Liphook  
Hampshire  
GU30 7PE

# **Old Thorns Golf Hotel and Country Estate (Holdings) Limited**

## **Directors' report**

### **Year ended 31 March 2017**

---

The directors present their report and the financial statements of the group for the year ended 31 March 2017.

#### **Directors**

The directors who served the company during the year were as follows:

Mr M D Shaw  
Mr Z Zhang  
Mr Y K Phang

Mr M D Shaw resigned as a director on 29 August 2017.

#### **Dividends**

The directors do not recommend the payment of a dividend.

#### **Employment of disabled persons**

The Group has defined a set of guiding principles to ensure fair recruitment and selection. The objective is to recruit, develop and retain high quality employees. A team of highly motivated and engaged employees is key to delivering experiences that exceed guests' expectations.

The Group is committed to giving full and fair consideration to applicants for employment. Every applicant or employee will be treated equally whatever their race, colour, nationality, ethnic or national origin, sex, marital status, sexual orientation, religious belief, disability, age or community background.

Disabled persons have equal opportunities when applying for vacancies, with due regard to their aptitudes and abilities. The Company has procedures to ensure that disabled colleagues are fairly treated and that their training and career development needs are carefully managed. Where employees have become disabled during the course of their employment, the Company endeavours to ensure continuing employment through the arrangement of appropriate training.

#### **Employee involvement**

Employee involvement and consultation is managed in a number of ways including employee appraisals, team updates and briefings. Together these arrangements aim to provide a common awareness amongst employees of the financial and economic factors affecting the performance of their business.

#### **Disclosure of information in the strategic report**

The company has chosen in accordance with section 414C(11) of the Companies Act 2006 to prepare a strategic report.

#### **Directors' responsibilities statement**

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and the profit or loss of the group for that period.

# Old Thorns Golf Hotel and Country Estate (Holdings) Limited

## Directors' report *(continued)*

### Year ended 31 March 2017

---

In preparing these financial statements, the directors are required to:

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

#### Auditor

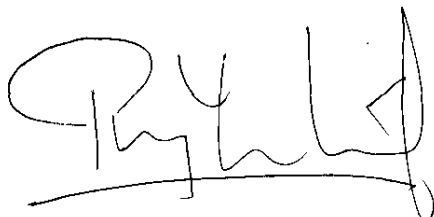
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the group and the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the group and the company's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 22 December 2017 and signed on behalf of the board by:

Mr Y K Phang  
Director



Registered office:  
Old Thorns Golf Hotel and Country Estate  
Longmoor Road  
Liphook  
Hampshire  
GU30 7PE

# **Old Thorns Golf Hotel and Country Estate (Holdings) Limited**

## **Independent auditor's report to the members of Old Thorns Golf Hotel and Country Estate (Holdings) Limited**

**Year ended 31 March 2017**

---

We have audited the financial statements of Old Thorns Golf Hotel and Country Estate (Holdings) Limited for the year ended 31 March 2017 which comprise the consolidated statement of income and retained earnings, company statement of income and retained earnings, consolidated statement of financial position, company statement of financial position, consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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 Ethical Standards for Auditors.

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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2017 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matters prescribed by the Companies Act 2006**

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.



## Old Thorns Golf Hotel and Country Estate (Holdings) Limited

### Independent auditor's report to the members of Old Thorns Golf Hotel and Country Estate (Holdings) Limited *(continued)*

Year ended 31 March 2017

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

*Simon Watson*

Simon Watson FCCA (Senior Statutory Auditor)

For and on behalf of  
Lovewell Blake LLP  
Chartered Accountants & statutory auditor  
Bankside 300  
Peachman Way  
Broadland Business Park  
Norwich  
NR7 0LB

*28 December 2017*

# Old Thorns Golf Hotel and Country Estate (Holdings) Limited

## Consolidated statement of income and retained earnings

Year ended 31 March 2017

		2017 £	2016 £
<b>Turnover</b>	<b>Note 4</b>	11,662,627	10,735,280
Cost of sales		(8,846,155)	(7,484,384)
<b>Gross profit</b>		2,816,472	3,250,896
Administrative expenses		(2,609,386)	(2,264,949)
Other operating income	<b>5</b>	384,625	41,613
<b>Operating profit</b>	<b>6</b>	591,711	1,027,560
Other interest receivable and similar income	<b>10</b>	68,507	12,938
Interest payable and similar expenses	<b>11</b>	(464,316)	(338,788)
<b>Profit before taxation</b>		195,902	701,710
Tax on profit	<b>12</b>	(153,160)	(199,194)
<b>Profit for the financial year and total comprehensive income</b>		<u>42,742</u>	<u>502,516</u>
<b>Retained earnings at the start of the year</b>		2,176,829	1,674,313
<b>Retained earnings at the end of the year</b>		<u>2,219,571</u>	<u>2,176,829</u>

All the activities of the group are from continuing operations.

The notes on pages 13 to 27 form part of these financial statements.

# **Old Thorns Golf Hotel and Country Estate (Holdings) Limited**

## **Company statement of income and retained earnings**

**Year ended 31 March 2017**

---

	<b>Note</b>	<b>2017</b> <b>£</b>	<b>2016</b> <b>£</b>
Profit for the financial year and total comprehensive income		(23,250)	(23,250)
<b>Retained losses at the start of the year</b>		<u>(303,136)</u>	<u>(279,886)</u>
<b>Retained losses at the end of the year</b>		<u>(326,386)</u>	<u>(303,136)</u>

The notes on pages 13 to 27 form part of these financial statements.

# Old Thorns Golf Hotel and Country Estate (Holdings) Limited

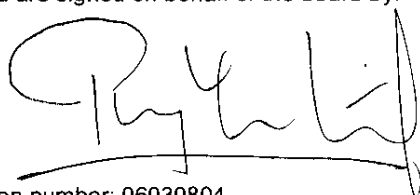
## Consolidated statement of financial position

31 March 2017

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Intangible assets	13	4,765	172,551
Tangible assets	14	34,179,660	30,410,633
		34,184,425	30,583,184
<b>Current assets</b>			
Stocks	16	253,411	228,784
Debtors	17	5,408,501	3,089,874
Cash at bank and in hand		1,019,308	50,452
		6,681,220	3,369,110
<b>Creditors: Amounts falling due within one year</b>	19	(8,698,644)	(11,599,506)
<b>Net current liabilities</b>		(2,017,424)	(8,230,396)
<b>Total assets less current liabilities</b>		32,167,001	22,352,788
<b>Creditors: Amounts falling due after more than one year</b>	20	(29,937,430)	(20,165,959)
<b>Net assets</b>		2,229,571	2,186,829
<b>Capital and reserves</b>			
Called up share capital	25	10,000	10,000
Profit and loss account	26	2,219,571	2,176,829
<b>Shareholders funds</b>		2,229,571	2,186,829

These financial statements were approved by the board of directors and authorised for issue on 22 December 2017, and are signed on behalf of the board by:

Mr Y K Phang  
Director



Company registration number: 06030804

The notes on pages 13 to 27 form part of these financial statements.

# Old Thorns Golf Hotel and Country Estate (Holdings) Limited

## Company statement of financial position

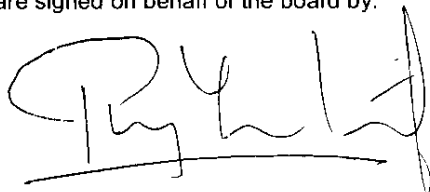
31 March 2017

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Investments	15	6,196,244	6,196,244
<b>Current assets</b>			
Debtors	17	1,013,688	1,763,688
<b>Creditors: Amounts falling due within one year</b>	19	(4,351,318)	(3,578,068)
<b>Net current liabilities</b>		(3,337,630)	(1,814,380)
<b>Total assets less current liabilities</b>		2,858,614	4,381,864
<b>Creditors: Amounts falling due after more than one year</b>	20	(3,175,000)	(4,675,000)
<b>Net liabilities</b>		(316,386)	(293,136)
<b>Capital and reserves</b>			
Called up share capital	25	10,000	10,000
Profit and loss account	26	(326,386)	(303,136)
<b>Shareholders deficit</b>		(316,386)	(293,136)

The loss for the financial year of the parent company was £23,250 (2016: £23,250).

These financial statements were approved by the board of directors and authorised for issue on ~~22 December 2017~~ 22 December 2017, and are signed on behalf of the board by:

Mr Y K Phang  
Director



Company registration number: 06030804

The notes on pages 13 to 27 form part of these financial statements.

# Old Thorns Golf Hotel and Country Estate (Holdings) Limited

## Consolidated statement of cash flows

Year ended 31 March 2017

	Note	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Profit for the financial year		42,742	502,516
<i>Adjustments for:</i>			
Depreciation of tangible assets		1,554,565	1,191,605
Amortisation of intangible assets		167,786	167,791
Other interest receivable and similar income		(68,507)	(12,938)
Interest payable and similar expenses		464,316	338,788
(Gains)/loss on disposal of tangible assets		(311,986)	4,246
Tax on profit		153,160	199,194
Accrued expenses/(income)		1,682,083	(1,020)
<i>Changes in:</i>			
Stocks		(24,627)	(87,704)
Trade and other debtors		(2,343,886)	(2,056,779)
Trade and other creditors		(399,530)	746,065
Cash generated from operations		916,116	991,764
Interest paid		(464,316)	(338,788)
Interest received		68,507	12,938
Tax paid		—	(12,289)
Net cash from operating activities		<u>520,307</u>	<u>653,625</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible assets		(5,944,290)	(5,133,941)
Proceeds from sale of tangible assets		932,684	42,667
Net cash used in investing activities		<u>(5,011,606)</u>	<u>(5,091,274)</u>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		16,000,000	3,450,000
Repayments of borrowings		(9,950,000)	—
Net cash from financing activities		<u>6,050,000</u>	<u>3,450,000</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		1,558,701	(987,649)
<b>Cash and cash equivalents at beginning of year</b>		<u>(539,393)</u>	<u>448,256</u>
<b>Cash and cash equivalents at end of year</b>	<b>18</b>	<u>1,019,308</u>	<u>(539,393)</u>

The notes on pages 13 to 27 form part of these financial statements.

# Old Thorns Golf Hotel and Country Estate (Holdings) Limited

## Notes to the financial statements

Year ended 31 March 2017

---

### 1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Old Thorns Golf Hotel and Country Estate, Longmoor Road, Liphook, Hampshire, GU30 7PE.

### 2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

### 3. Accounting policies

#### Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

#### Disclosure exemptions

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102:

- (a) No cash flow statement has been presented for the company.
- (b) Disclosures in respect of financial instruments have not been presented for the company.

#### Consolidation

The financial statements consolidate the financial statements of Old Thorns Golf Hotel and Country Estate (Holdings) Limited and all of its subsidiary undertakings.

The results of subsidiaries acquired or disposed of during the year are included from or to the date that control passes.

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not presented its individual profit and loss account.

# Old Thorns Golf Hotel and Country Estate (Holdings) Limited

## Notes to the financial statements *(continued)*

Year ended 31 March 2017

---

### 3. Accounting policies *(continued)*

#### **Judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### **Key sources of estimation uncertainty**

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

#### **Carrying value of property, plant and equipment**

The company's accounting policy for property, plant and equipment assets is set out in this note. The carrying value and movements are set out in note 14. Estimated useful economic lives of property, plant and equipment are based on management's judgement and experience. When management identifies that actual useful lives differ materially from the estimates used to calculate depreciation, that charge is adjusted prospectively. Due to the significance of capital investment to the company, variations between actual and estimated useful lives could impact operating results both positively and negatively. Asset lives and residual values are reviewed annually to confirm that remaining estimates of useful lives are still appropriate.

#### **Valuation of investment properties**

Investment property values are reviewed annually by the directors, based on their extensive knowledge of the market. The carrying value is detailed in note 14.

#### **Revenue recognition**

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied and services rendered, stated net of discounts and of Value Added Tax. Revenue is recognised at the point of sale at which the accommodation and related services are provided.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.



# Old Thorns Golf Hotel and Country Estate (Holdings) Limited

## Notes to the financial statements *(continued)*

Year ended 31 March 2017

---

### 3. Accounting policies *(continued)*

#### **Income tax**

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current and deferred taxation assets and liabilities are not discounted.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax arises from timing difference that are differences between taxable profits and total comprehensive income stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted.

#### **Investment property**

Investment property is initially recorded at cost, which includes purchase price and any directly attributable expenditure.

Investment property is revalued to its fair value at each reporting date and any changes in fair value are recognised in profit or loss.

#### **Operating leases**

Lease income is recognised in profit or loss on a straight line basis over the lease term. The aggregate cost of lease incentives are recognised as a reduction to income over the lease term on a straight-line basis. Costs, including depreciation, incurred in earning the lease income are recognised as an expense. Any initial direct costs incurred in negotiating and arranging the operating lease are added to the carrying amount of the lease and recognised as an expense over the lease term on the same basis as the lease income.

#### **Intangible assets**

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

Intangible assets acquired as part of a business combination are recorded at the fair value at the acquisition date.

# Old Thorns Golf Hotel and Country Estate (Holdings) Limited

## Notes to the financial statements *(continued)*

Year ended 31 March 2017

---

### 3. Accounting policies *(continued)*

#### Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill	-	10 years straight line
Licence fee	-	over the term of the licence

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

#### Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

#### Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold buildings and improvements	-	10 - 50 years straight line
Plant and machinery	-	5 - 7 years straight line
Fixtures and fittings	-	5 years straight line
Motor vehicles	-	5 years straight line

Freehold land and assets in the course of construction are not depreciated.

#### Investment property

Investment property is initially recorded at cost, which includes purchase price and any directly attributable expenditure.

Investment property is revalued to its fair value at each reporting date and any changes in fair value are recognised in profit or loss.

#### Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

# Old Thorns Golf Hotel and Country Estate (Holdings) Limited

## Notes to the financial statements *(continued)*

### Year ended 31 March 2017

---

#### 3. Accounting policies *(continued)*

##### **Investments *(continued)***

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

##### **Stocks**

Stocks are valued at the lower of cost and net realisable value, on a FIFO basis.

##### **Financial instruments**

###### **(i) Financial assets**

Basic financial assets, including trade and other debtors and cash and bank balances, are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest.

Such assets are subsequently measured at amortised cost.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in the statement of income immediately.

###### **(ii) Financial liabilities**

Basic financial liabilities, including trade and other creditors, bank loans and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. Trade creditors are initially recognised at transaction price and subsequently measured at amortised cost using the effective interest method.

Derivatives, including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a contract is entered into, and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the profit and loss in finance costs or finance income as appropriate.

##### **Defined contribution plans**

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

# Old Thorns Golf Hotel and Country Estate (Holdings) Limited

## Notes to the financial statements *(continued)*

### Year ended 31 March 2017

#### 4. Turnover

Turnover arises from:

	2017 £	2016 £
Hotel operations	11,561,167	10,592,220
Rental income	101,460	143,060
	<u>11,662,627</u>	<u>10,735,280</u>

The whole of the turnover is attributable to the principal activity of the group wholly undertaken in the United Kingdom.

#### 5. Other operating income

	2017 £	2016 £
Management charges receivable	352,118	—
Other operating income	32,507	41,613
	<u>384,625</u>	<u>41,613</u>

#### 6. Operating profit

Operating profit or loss is stated after charging:

	2017 £	2016 £
Amortisation of intangible assets	167,786	167,791
Depreciation of tangible assets	1,554,565	1,191,605
(Gains)/loss on disposal of tangible assets	(311,986)	4,246
Impairment of trade debtors	—	10,019
	<u>—</u>	<u>10,019</u>

#### 7. Auditor's remuneration

	2017 £	2016 £
Fees payable for the audit of the financial statements	<u>13,950</u>	<u>13,650</u>

#### 8. Staff costs

The average number of persons employed by the group during the year, including the directors, amounted to:

	2017 No.	2016 No.
Hotel and estate management staff	<u>276</u>	<u>237</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2017 £	2016 £
Wages and salaries	4,397,063	3,534,222
Social security costs	324,874	242,777
Other pension costs	23,176	18,350
	<u>4,745,113</u>	<u>3,795,349</u>

# Old Thorns Golf Hotel and Country Estate (Holdings) Limited

## Notes to the financial statements (continued)

Year ended 31 March 2017

### 9. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2017 £	2016 £
Remuneration	53,135	54,414
Company contributions to defined contribution pension plans	372	366
	<u>53,507</u>	<u>54,780</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2017 No.	2016 No.
Defined contribution plans	<u>1</u>	<u>1</u>

### 10. Other interest receivable and similar income

	2017 £	2016 £
Interest on cash and cash equivalents	—	7
Interest receivable on loans	68,507	12,931
	<u>68,507</u>	<u>12,938</u>

### 11. Interest payable and similar expenses

	2017 £	2016 £
Interest on banks loans and overdrafts	386,558	260,694
Dividends paid on shares classed as debt	23,250	23,250
Interest on corporation tax liability	700	—
Other interest payable and similar charges	53,808	54,844
	<u>464,316</u>	<u>338,788</u>

### 12. Tax on profit

#### Major components of tax expense

	2017 £	2016 £
<b>Current tax:</b>		
UK current tax expense	119,379	127,701
Adjustments in respect of prior periods	8,522	(7,625)
Total current tax	<u>127,901</u>	<u>120,076</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	25,259	79,118
<b>Tax on profit</b>	<u>153,160</u>	<u>199,194</u>

# Old Thorns Golf Hotel and Country Estate (Holdings) Limited

## Notes to the financial statements (continued)

### Year ended 31 March 2017

#### 12. Tax on profit (continued)

##### Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2016: higher than) the standard rate of corporation tax in the UK of 20% (2016: 20%).

The differences are explained below:-

	2017 £	2016 £
Profit on ordinary activities before taxation	195,902	701,710
Profit on ordinary activities by rate of tax	39,180	140,342
Adjustment to tax charge in respect of prior periods	8,522	(7,625)
Effect of expenses not deductible for tax purposes	26,733	11,269
Amortisation of goodwill	32,843	32,844
Adjustments in respect of prior period deferred tax	(24,175)	12,292
Adjustments in respect of changes in tax rates	(2,601)	10,849
Adjustments in respect of non qualifying assets	72,658	(777)
Tax on profit	153,160	199,194

#### 13. Intangible assets

Group	Goodwill £	Development costs £	Total £
<b>Cost</b>			
At 1 April 2016 and 31 March 2017	1,642,195	25,000	1,667,195
<b>Amortisation</b>			
At 1 April 2016	1,477,980	16,664	1,494,644
Charge for the year	164,215	3,571	167,786
At 31 March 2017	1,642,195	20,235	1,662,430
<b>Carrying amount</b>			
At 31 March 2017	—	4,765	4,765
At 31 March 2016	164,215	8,336	172,551

The company has no intangible assets.

# Old Thorns Golf Hotel and Country Estate (Holdings) Limited

## Notes to the financial statements (continued)

Year ended 31 March 2017

### 14. Tangible assets

Group	Land and buildings £	Plant and Fixtures and machinery £	Fittings £	Motor vehicles £	Assets in the course of construction £	Total £
<b>Cost</b>						
At 1 Apr 2016	31,059,136	3,225,288	3,136,337	428,810	47,498	37,897,069
Additions	4,422,535	929,524	342,844	249,387	–	5,944,290
Disposals	(483,149)	–	(36,074)	(110,350)	(47,498)	(677,071)
Transfers	(8,799)	–	8,799	–	–	–
<b>At 31 Mar 2017</b>	<b>34,989,723</b>	<b>4,154,812</b>	<b>3,451,906</b>	<b>567,847</b>	<b>–</b>	<b>43,164,288</b>
<b>Depreciation</b>						
At 1 Apr 2016	3,900,529	1,888,752	1,552,609	144,546	–	7,486,436
Charge for the year	580,202	447,646	424,561	102,156	–	1,554,565
Disposals	–	–	(4,876)	(51,497)	–	(56,373)
<b>At 31 Mar 2017</b>	<b>4,480,731</b>	<b>2,336,398</b>	<b>1,972,294</b>	<b>195,205</b>	<b>–</b>	<b>8,984,628</b>
<b>Carrying amount</b>						
<b>At 31 Mar 2017</b>	<b>30,508,992</b>	<b>1,818,414</b>	<b>1,479,612</b>	<b>372,642</b>	<b>–</b>	<b>34,179,660</b>
At 31 Mar 2016	27,158,607	1,336,536	1,583,728	284,264	47,498	30,410,633

The company has no tangible assets.

Included within the above is investment property as follows:

	Group £	Company £
At 1 April 2016	5,527,894	5,527,894
Additions	1,217,312	12,852
At 31 March 2017	<u>6,745,206</u>	<u>5,540,746</u>

Investment properties were subject to valuation by the directors who are not professionally qualified valuers. However, the directors have regard for observable market prices adjusted as necessary for any difference in location or condition of the specific asset. The directors do not consider the valuation at 31 March 2017 to be different to the historical cost.

Tangible fixed assets with a carrying value of £24,968,246 (2016: £27,206,105) are pledged as security for the company's bank loans.

### Capital commitments

	Group 2017 £	2016 £	Company 2017 £	2016 £
Contracted for but not provided for in the financial statements	<u>–</u>	<u>212,187</u>	<u>–</u>	<u>–</u>

# Old Thorns Golf Hotel and Country Estate (Holdings) Limited

## Notes to the financial statements *(continued)*

Year ended 31 March 2017

### 15. Investments

Group	Shares in group undertakings £
<b>Cost</b>	
At 1 April 2016	—
Additions	100
Disposals	(100)
<b>At 31 March 2017</b>	<u>—</u>
<b>Impairment</b>	
At 1 April 2016 and 31 March 2017	<u>—</u>
<b>Carrying amount</b>	
At 31 March 2017	<u>—</u>
At 31 March 2016	<u>—</u>
<b>Company</b>	<b>Shares in group undertakings £</b>
<b>Cost</b>	
At 1 April 2016 and 31 March 2017	<u>6,196,244</u>
<b>Impairment</b>	
At 1 April 2016 and 31 March 2017	<u>—</u>
<b>Carrying amount</b>	
At 1 April 2016 and 31 March 2017	<u>6,196,244</u>
At 31 March 2016	<u>6,196,244</u>

### Subsidiaries, associates and other investments

Details of the investments in which the group and the parent company have an interest of 20% or more are as follows:

Subsidiary undertakings	Class of share	Percentage of shares held
Old Thorns Golf Hotel and Country Estate Limited	Ordinary	100
Home Park Estate Limited	Ordinary	100

### 16. Stocks

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Raw materials and consumables	59,638	43,759	—	—
Finished goods and goods for resale	193,773	185,025	—	—
	<u>253,411</u>	<u>228,784</u>	<u>—</u>	<u>—</u>



# Old Thorns Golf Hotel and Country Estate (Holdings) Limited

## Notes to the financial statements (continued)

### Year ended 31 March 2017

#### 16. Stocks (continued)

There is no significant difference between the replacement cost of the stock and its carrying amount.

The amount of stock recognised as an expenses in cost of sales during the year was £2,086,016 (2016: £1,792,476).

#### 17. Debtors

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Trade debtors	121,534	114,483	—	—
Deferred tax asset	179,603	204,862	—	—
Prepayments and accrued income	134,904	79,631	—	—
Other debtors	4,972,460	2,690,898	1,013,688	1,763,688
	<u>5,408,501</u>	<u>3,089,874</u>	<u>1,013,688</u>	<u>1,763,688</u>

#### 18. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	2017	2016
	£	£
Cash at bank and in hand	1,019,308	50,452
Bank overdrafts	—	(589,845)
	<u>1,019,308</u>	<u>(539,393)</u>

#### 19. Creditors: Amounts falling due within one year

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Bank loans and overdrafts	—	5,811,316	—	—
Trade creditors	804,122	1,180,382	—	—
Amounts owed to group undertakings	483,494	—	1,447,402	697,402
Accruals and deferred income	1,906,493	224,410	—	—
Corporation tax	57,519	43,219	—	—
Social security and other taxes	397,813	287,456	—	—
Shares classed as financial liabilities	2,700,000	2,700,000	2,700,000	2,700,000
Other creditors	2,349,203	1,352,723	203,916	180,666
	<u>8,698,644</u>	<u>11,599,506</u>	<u>4,351,318</u>	<u>3,578,068</u>

#### 20. Creditors: Amounts falling due after more than one year

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Bank loans and overdrafts	16,000,000	4,728,529	—	—
Shares classed as financial liabilities	1,950,000	1,950,000	1,950,000	1,950,000
Other creditors	11,987,430	13,487,430	1,225,000	2,725,000
	<u>29,937,430</u>	<u>20,165,959</u>	<u>3,175,000</u>	<u>4,675,000</u>

# Old Thorns Golf Hotel and Country Estate (Holdings) Limited

## Notes to the financial statements (continued)

Year ended 31 March 2017

### 21. Loans and other borrowings

	<b>Group</b>		<b>Company</b>	
	2017	2016	2017	2016
	£	£	£	£
Current:				
Bank Overdrafts - secured	—	589,845	—	—
Bank loans - secured	—	5,221,471	—	—
Shares classified as financial liabilities - unsecured	2,700,000	2,700,000	2,700,000	2,700,000
Total current	<u>2,700,000</u>	<u>8,511,316</u>	<u>2,700,000</u>	<u>2,700,000</u>
Non-current:				
Bank loans - secured	16,000,000	4,728,529	—	—
Other loans - unsecured	11,987,430	13,487,430	1,225,000	2,725,000
Shares classified as financial liabilities - unsecured	1,950,000	1,950,000	1,950,000	1,950,000
Total non-current:	<u>29,937,430</u>	<u>20,165,959</u>	<u>3,175,000</u>	<u>4,675,000</u>

The bank loans and overdrafts are secured by a debenture and first legal charge over the freehold property owned by the Group. Bank loans comprise of a loan of £10,000,000 (2016: £9,950,000) together with a revolving credit facility of £6,000,000 (2016: £nil) both with a maturity date of May 2021 at a rate of 2.25% over LIBOR. The directors consider that the carrying amount of the bank loans approximate their fair value

The rights of the shares classified as financial liabilities as set out in note 25.

The other loans are unsecured and comprise loan notes of £10,762,430 (2016: £10,762,430) with interest charged at a rate of 0.5%, which is repayable in April 2019 and a related party loan of £1,225,000 (2016: £2,725,000), which is interest free and repayable by the borrower giving notice to the lender after a year and a day.

### 22. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	<b>Group</b>		<b>Company</b>	
	2017	2016	2017	2016
	£	£	£	£
Included in debtors (note 17)	<u>179,603</u>	<u>204,862</u>	<u>—</u>	<u>—</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	<b>Group</b>		<b>Company</b>	
	2017	2016	2017	2016
	£	£	£	£
Accelerated capital allowances	(165,541)	(190,508)	7,509	—
Deferred tax - other timing differences	(14,062)	(14,354)	—	—
	<u>(179,603)</u>	<u>(204,862)</u>	<u>7,509</u>	<u>—</u>

# Old Thorns Golf Hotel and Country Estate (Holdings) Limited

## Notes to the financial statements *(continued)*

Year ended 31 March 2017

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### 23. Employee benefits

#### Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £23,176 (2016: £18,350).

### 24. Financial instruments

The carrying amount for each category of financial instrument is as follows:

#### Financial assets that are debt instruments measured at amortised cost

	Group	
	2017	2016
	£	£
Financial assets that are debt instruments measured at amortised cost	5,093,994	2,821,183

#### Financial liabilities measured at amortised cost

	Group	
	2017	2016
	£	£
Financial liabilities measured at amortised cost	38,049,739	31,434,790

#### Risks

Exposure to financial, liquidity, credit and interest risks arises in the normal course of the company's business. These risks are limited by the company's financial management policies and practices described below:

#### Financial Risk

Treasury activities take place under procedures and policies approved and monitored by the Board. They are designed to minimise the financial risks faced by the company, i.e. liquidity risk, credit risk and interest rate risk. The Board considers that the company is not exposed to price risk or foreign exchange risk.

#### Liquidity risk

The company manages its liquidity to ensure that sufficient funds are available for ongoing operations and future developments whilst seeking to minimise interest expense.

#### Credit risk

The company's principal financial assets are cash balances and trade debtors. Credit risk on cash balances is limited as the Board only deposits funds with regulated institutions which have high credit ratings. Trade debtor balances are monitored on an ongoing basis and provision is made for doubtful debts as necessary.

#### Interest rate risk

The company is exposed to interest rate risk on its cash balances. The Board monitors interest rates available for the company's funds taking into account the company's liquidity and credit risk requirements. The Company does not use any derivative instruments to to reduce its economic exposure to changes in interest rates.

# Old Thorns Golf Hotel and Country Estate (Holdings) Limited

## Notes to the financial statements (continued)

Year ended 31 March 2017

### 25. Called up share capital

Issued, called up and fully paid

	2017		2016	
	No.	£	No.	£
<b>Amounts presented in equity:</b>				
Ordinary shares of £1 each	10,000	10,000	10,000	10,000
<b>Amounts presented in liabilities:</b>				
Preference shares of £1 each	2,700,000	2,700,000	2,700,000	2,700,000
'B' Preference shares of £1 each	1,950,000	1,950,000	1,950,000	1,950,000
	<u>4,650,000</u>	<u>4,650,000</u>	<u>4,650,000</u>	<u>4,650,000</u>

The Preference shares attract interest at 0.5% and are redeemable at any time by the holder giving notice of redemption to the company. The 'B' Preference shares also accrue interest at 0.5% but have no rights to redemption. Neither class of Preference shares carry any voting rights.

### 26. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

### 27. Operating leases

As lessor

The total future minimum lease payments receivable under non-cancellable operating leases are as follows:

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Not later than 1 year	96,060	96,060	—	—
Later than 1 year and not later than 5 years	384,240	384,240	—	—
Later than 5 years	568,355	664,415	—	—
	<u>1,048,655</u>	<u>1,144,715</u>	<u>—</u>	<u>—</u>

### 28. Contingencies

The Company has provided a cross guarantee in respect of the bank borrowings of the subsidiary companies, Old Thorns Golf Hotel & Country Estate Limited and Home Park Estate Limited. As at 31 March 2017, the borrowings covered by this guarantee amounted to £16,000,000 (2016: £10,497,882).

# Old Thorns Golf Hotel and Country Estate (Holdings) Limited

## Notes to the financial statements *(continued)*

Year ended 31 March 2017

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### 29. Related party transactions

#### Group

During the year purchases and payments were made on behalf of fellow group undertakings. An aggregate amount of £2,539,158 (2016: £660,590) was recharged to these companies. Receipts taken on behalf of these companies totalled £1,838,826 (2016: £Nil).

Management charges made to fellow group undertakings totalled £297,368 (2016: £Nil).

The group paid £119,159 (2016: £81,513) to fellow group undertakings for corporation tax group relief.

Loans advanced to fellow group undertakings during the year totalled £3,717,379 (2016: £525,000). Loans received from these companies totalled £2,033,500 (2016: £Nil).

Included within debtors at the year end is £3,480,038 (2016: £2,469,443) and included within creditors at the year end is £2,708,982 (2016: £2,948,307) relating to fellow group undertakings.

During the year purchases and payments were made on behalf of companies under the control of directors who served during the year. An aggregate amount of £117,398 (2016: £50,718) was recharged to these companies. Purchases made from these companies totalled £135,878 (2016: £257,810).

Loans advanced to companies under the control of directors who served during the year totalled £324,003 (2016: £422,575).

Included within debtors at the year end is £1,146,084 (2016: £705,078) and included within creditors at the year end is £Nil (2016: £32,971) relating to companies under the control of directors who served during the year.

During the year purchases and payments were made on behalf of companies with a common director. An aggregate amount of £1,027,350 (2016: £Nil) was recharged to these companies. Receipts taken on behalf of these companies, which were subsequently paid over, totalled £8,000,000 (2016: £Nil).

Management charges made to companies with a common director, totalled £45,000 (2016: £Nil) and proceeds from sales of assets to these companies totalled £500,000 (2016: £Nil).

Included within debtors at the year end is £331,879 (2016: £Nil) relating to companies with a common director.

A balance of £10,762,430 was included within other loans due after one year, due to the close relative of a director. Interest of £53,808 (2016: £54,844) was paid on the loan.

Remuneration in respect of key management personnel during the period amounted to £59,286 (2016: £60,559).

#### Company

Included within debtors at the year end is £1,013,688 (2016: £1,763,688) and included within creditors at the year end is £1,225,000 (2016: £2,725,000) relating to fellow group undertakings.

### 30. Controlling party

The ultimate parent company is EagleResort Limited, a company registered in the Isle of Man. The ultimate controlling party is Mr Z Zhang.