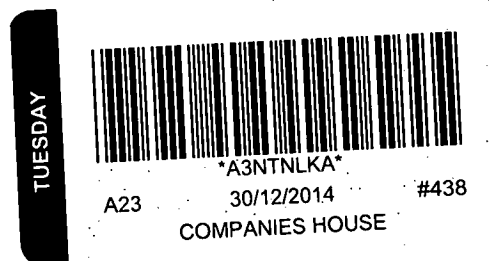


Hoole Hall Spa and Leisure Club Limited

FINANCIAL STATEMENTS

for the year ended

31 March 2014



Hoole Hall Spa and Leisure Club Limited

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Ms C Wilce
Mr N Taplin
Mr P Bolton
Mr C G E Corbally
Mr R S Matthews- Williams

SECRETARY

Mr G Whitehouse

REGISTERED OFFICE

5th Floor, Ergon House
Horseferry Road
London
SW1P 2AL

AUDITOR

Baker Tilly UK Audit LLP
Chartered Accountants
Steam Mill
Steam Mill Street
Chester
CH3 5AN

BANKERS

Allied Irish Bank (GB)
1 St. Paul's Square
Old Hall Street
Liverpool
L3 9PP

Hoole Hall Spa and Leisure Club Limited

STRATEGIC REPORT

for the year ended 31 March 2014

REVIEW OF THE BUSINESS

The performance of the business is summarised in the Profit and Loss Account.

The Board considers that the performance in terms of coverage and average spend is satisfactory and consistent with expectations.

RISKS AND UNCERTAINTIES

CREDIT RISK

The directors are satisfied that the credit risk is adequately managed and the level of bad debt is consistent with the nature of the industry. Debtors are reviewed on a regular basis to ensure potential bad debts are dealt with in a timely and appropriate manner. Recoverability of balances with related parties has been discussed by the board and it is their opinion that these balances do not represent a financial risk to the company.

CURRENCY RISK

The company has no material currency risk exposure due to the absence of any material assets or liabilities denominated in foreign currencies.

INTEREST RATE EXPOSURE

The group is financed by a mixture of cash flow and short-term borrowings.

Shown in the accounts as repayable within 1 year is loan notes. Details of loan note interest rates (fixed) are shown in note 9.

LIQUIDITY RISK

The directors are confident that the banking facilities currently in place are more than adequate for the company's working capital requirements.

Financial assets held by the company are that of cash at bank and in hand which does not earn interest and is repayable on demand.

The maturity profile of the company's borrowings and more detail on the financial instruments is included in note 9.

The company produces cash flow forecasts in order to ensure that liabilities are met as they fall due.

MARKET RISK

The general market, economic, financial conditions are the most important factors influencing the performance of the company. As the business is largely cyclical in nature the current economic conditions have put it under pressure.

In order to balance the market related risks, the company has utilised branding opportunities where ever appropriate which will in turn benefit sales.

On behalf of the board



C J Wilce

Director

23/12/2014

Hoole Hall Spa and Leisure Club Limited

DIRECTORS' REPORT

The directors submit their report and financial statements of Hoole Hall Spa and Leisure Club Limited for the year ended 31 March 2014.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was the operation of a health and leisure club.

RESULTS AND DIVIDENDS

The profit for the year amounted to £51,784. The directors have not recommended a dividend.

DIRECTORS

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

Ms C Wilce
Mr N Taplin
Mr P Bolton
Mr C G E Corbally
Mr R S Matthews- Williams

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

AUDITOR

Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

On behalf of the board



C J Wilce

Director

23/12/2014

Hoole Hall Spa and Leisure Club Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOOLE HALL SPA AND LEISURE CLUB LIMITED (continued)

We have audited the financial statements on pages 7 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 more fully explained in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2014 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.

Emphasis of Matter – Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in the accounting policies to the financial statements concerning the company's ability to continue as a going concern. The company incurred a net profit of £51,784 during the year ended 31 March 2014 and, at that date had net current liabilities of £9,722,142. These conditions, along with other matters explained in the accounting policies, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments which would result if the company was unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
HOOLE HALL SPA AND LEISURE CLUB LIMITED (continued)

Matters on which we are required to report by exception

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

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

Baker Tilly UK Audit LLP

MICHAEL FAIRHURST FCA (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

Steam Mill

Steam Mill Street

Chester CH3 5AN

23/12/2014

Hoole Hall Spa and Leisure Club Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 March 2014

		2014	2013
	Notes	£	£
TURNOVER	1	2,652,756	2,453,998
Cost of sales		(1,140,398)	(1,095,081)
Gross profit		1,512,358	1,358,917
Administrative expenses		(1,052,297)	(2,232,350)
OPERATING PROFIT/(LOSS)	2	460,061	(873,433)
Attributable to:			
Operating profit before exceptional items		460,061	287,844
Exceptional items	2	—	(1,161,277)
		460,061	(873,433)
Interest receivable		91	304
		460,152	(873,129)
Interest payable and similar charges	4	(408,368)	(481,038)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		51,784	(1,354,167)
Taxation	5	—	—
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	16	51,784	(1,354,167)

The profit/loss for the year arises from the company's continuing operations.

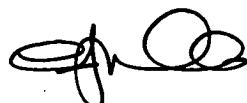
No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

Hoole Hall Spa and Leisure Club Limited**BALANCE SHEET**

31 March 2014

	<i>Notes</i>	2014 £	2013 £
FIXED ASSETS			
Tangible assets	6	<u>11,305,597</u>	<u>11,088,729</u>
CURRENT ASSETS			
Stocks	7	35,684	36,560
Debtors	8	2,144,240	1,889,216
Cash at bank and in hand		<u>218,738</u>	<u>235,440</u>
		2,398,662	2,161,216
CREDITORS			
Amounts falling due within one year	9	<u>(12,120,804)</u>	<u>(11,679,884)</u>
NET CURRENT LIABILITIES		<u>(9,722,142)</u>	<u>(9,518,668)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,583,455	1,570,061
CREDITORS			
Amounts falling due after more than one year	10	<u>(216,724)</u>	<u>(255,114)</u>
		<u>1,366,731</u>	<u>1,314,947</u>
CAPITAL AND RESERVES			
Called up share capital	15	20,050	20,050
Share premium account	16	1,984,950	1,984,950
Revaluation reserve	16	3,125,294	3,191,545
Other reserves	16	328,840	328,840
Profit and loss account	16	<u>(4,092,403)</u>	<u>(4,210,438)</u>
SHAREHOLDERS' FUNDS	17	<u>1,366,731</u>	<u>1,314,947</u>

The financial statements on pages 7 to 20 were approved by the board of directors and authorised for issue on 23/12/2014 and are signed on their behalf by:



C J Wilce
Director

Hoole Hall Spa and Leisure Club Limited

CASH FLOW STATEMENT

for the year ended 31 March 2014

		2014	2013
	<i>Notes</i>	£	£
Net cash flow from operating activities	18.a	372,421	725,138
Returns on investments and servicing of finance	18.b	(362,277)	(255,976)
Capital expenditure and financial investment	18.b	(135,949)	(17,870)
CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(125,805)	451,292
Financing	18.b	109,103	(407,816)
(DECREASE)/INCREASE IN CASH IN THE PERIOD		<u>(16,702)</u>	<u>43,476</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT			
		2014	2013
		£	£
(Decrease)/increase in cash in the period		(16,702)	43,476
Net cash (inflow) from debt and lease financing		(109,103)	(192,184)
Cash outflow in respect of hire purchase		(316,919)	–
Change in net debt	18.c	<u>(442,724)</u>	<u>(148,708)</u>
Net debt at the beginning of the year	18.c	<u>(3,582,482)</u>	<u>(3,433,774)</u>
Net debt at the end of the year	18.c	<u>(4,025,206)</u>	<u>(3,582,482)</u>

Hoole Hall Spa and Leisure Club Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets.

GOING CONCERN

The directors acknowledge that the company's Balance Sheet position at 31 March 2014 showed net current liabilities of £9,722,142 (2013: £9,518,668).

The group continues to service its commitments to creditors as and when they fall due although uncertainties do exist surrounding repayments of debt to related parties and loan note holders, as they are due for repayment at the reporting date. These parties have formally confirmed their intention to support the group for at least the next 12 months from the date of approval of the financial statements and the directors consider them to have adequate capabilities to provide this support

With the ongoing support of the loan note holders and its related parties, current management forecasts to March 2016, indicate that the directors have a reasonable expectation that the group has sufficient resources to continue to operate for the foreseeable future and meet its liabilities as they fall due. For these reasons the directors consider it appropriate to prepare the financial statements on a going concern basis.

TURNOVER

Turnover is recognised at the fair value of the consideration received or receivable for sale of goods and services in the ordinary nature of the business. Turnover is shown net of Value Added Tax, of goods and services provided to customers. Membership income is recognised in accordance with the period to which they relate.

FIXED ASSETS

All fixed assets are held at valuation on an existing use valuation basis.

The directors have determined that it is more appropriate to hold the fixed assets at valuation. Since acquisition, the property has been redeveloped, branding of the hotel as Doubletree by Hilton and the business developed. The income is generated by use of the premises and hence they consider the asset should be valued on the existing use basis.

DEPRECIATION

Depreciation is calculated so as to write off the cost or revaluation of a tangible fixed asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Property	-	Life of the Lease or 50 years, whichever is shorter
Plant & Machinery	-	3 years straight line
Fixtures & Fittings	-	3 years straight line

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

STOCKS

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

Hoole Hall Spa and Leisure Club Limited

ACCOUNTING POLICIES

HIRE PURCHASE AGREEMENTS

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

OPERATING LEASE AGREEMENTS

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

FINANCIAL INSTRUMENTS

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Compound instruments comprise both a liability and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar debt instrument. The liability component is accounted for as a financial liability.

The residual is the difference between the net proceeds of issue and the liability component (at time of issue). The residual is the equity component, which is accounted for as an equity instrument.

The interest expense on the liability component is calculated applying the effective interest rate for the liability component of the instrument. The difference between this amount and any repayments is added to the carrying amount of the liability in the balance sheet.

Hoole Hall Spa and Leisure Club Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

1 TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2014	2013
	£	£
United Kingdom	<u>2,652,756</u>	<u>2,453,998</u>

The turnover in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

2 OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging:

	2014	2013
	£	£
Directors' remuneration	–	–
Depreciation of owned fixed assets	236,000	229,141
Auditor's remuneration for statutory audit	9,300	9,000
Auditor's remuneration for other services	4,700	4,525
Operating lease costs:		
- Plant and equipment	44,207	70,334
Exceptional administrative expenses – loan write off	<u>–</u>	<u>1,161,277</u>

Auditor's fees

The fees charged by the auditor can be further analysed under the following headings for services rendered:

	2014	2013
	£	£
Audit	9,300	9,000
Accountancy	1,900	1,825
Taxation	2,800	2,700
	<u>14,000</u>	<u>13,525</u>

3 PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year was:

	2014	2013
	No	No
Direct staff	52	48
Administrative staff	3	3
	<u>55</u>	<u>51</u>

The aggregate payroll costs of the above were:

	2014	2013
	£	£
Wages and salaries	789,597	751,549
Social security costs	39,212	39,935
	<u>828,809</u>	<u>791,484</u>

Hoole Hall Spa and Leisure Club Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

4 INTEREST PAYABLE AND SIMILAR CHARGES

	2014	2013
	£	£
Interest on other loans	286,605	276,194
Redemption premium	121,763	204,844
	<u>408,368</u>	<u>481,038</u>

5 TAXATION ON ORDINARY ACTIVITIES

There are trade tax losses of £1,620,740 (2013: £1,784,537) and non-trade loan relationship losses of £2,753,643 (2013: £2,631,971) available for offset against suitable taxable profits. Of these £193,138 (2013: £178,523) has been recognised as a deferred tax asset under the assumed corporation tax rate of 20% (2013: 23%), see note 12, with the remaining £681,738 (2013: £1,015,797) which have not been recognised as a Deferred Taxation Asset due to the uncertainty of the timing of future profitability.

Factors affecting current tax charge

The tax assessed on the profit/(loss) on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 23% (2013 - 24%), as explained below

	2014	2013
	£	£
Profit/(loss) on ordinary activities before taxation	<u>51,784</u>	<u>(1,354,167)</u>
Loss on ordinary activities by rate of tax	11,910	(325,000)
Effects of:		
Expenses not deductible for tax purposes	127	3,226
Capital allowances for period in excess of depreciation	(43,586)	(43,193)
Unrelieved tax losses	-	304,127
Utilisation of tax losses and other deductions	(9,689)	-
Fixed asset differences	<u>41,238</u>	<u>60,840</u>
Total current tax	<u>-</u>	<u>-</u>

Hoole Hall Spa and Leisure Club Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

6 TANGIBLE FIXED ASSETS

	Land £	Leasehold Property £	Plant & Machinery £	Fixtures & Fittings £	Total £
Cost or valuation					
At 1 April 2013	100,000	11,188,880	103,419	179,362	11,571,661
Additions	–	–	448,358	7,337	455,695
Disposals	–	(2,160)	–	(667)	(2,827)
At 31 March 2014	<u>100,000</u>	<u>11,186,720</u>	<u>551,777</u>	<u>186,032</u>	<u>12,024,529</u>
Depreciation					
At 1 April 2013	–	223,322	86,169	173,441	482,932
Charge for the year	–	223,738	8,929	3,333	236,000
At 31 March 2014	<u>–</u>	<u>447,060</u>	<u>95,098</u>	<u>176,774</u>	<u>718,932</u>
Net book value					
At 31 March 2014	<u>100,000</u>	<u>10,739,660</u>	<u>456,679</u>	<u>9,258</u>	<u>11,305,597</u>
At 31 March 2013	<u>100,000</u>	<u>10,965,558</u>	<u>17,250</u>	<u>5,921</u>	<u>11,088,729</u>

Leasehold property was valued on an Existing Use Value basis on 25 July 2011 by Edward Symmons LLP, a Chartered Surveyors.

Deferred tax has not been provided on the revaluation of the properties as tax would only be payable if the assets were sold. Based on the current rates of 20% (2013: 23%) an estimate of the tax payable would be £625,059 (2013: £734,055).

In respect of certain fixed assets stated at valuations, the comparable historical cost and depreciation values are as follows:

	2014 £	2013 £
Net book value at end of year	<u>10,739,660</u>	<u>11,020,600</u>
Historical cost	<u>8,485,642</u>	<u>8,487,802</u>

Hire purchase agreements

Included within the net book value of £11,305,597 is £263,905 (2013 - £Nil) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £Nil (2013 - £Nil).

7 STOCKS

	2014 £	2013 £
Stock	<u>35,684</u>	<u>36,560</u>

Hoole Hall Spa and Leisure Club Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

8 DEBTORS

	2014	2013
	£	£
Trade debtors	26,911	64,050
Other debtors	2,100,470	1,818,686
Prepayments and accrued income	16,859	6,480
	<u>2,144,240</u>	<u>1,889,216</u>

9 CREDITORS: Amounts falling due within one year

	2014	2013
	£	£
Loan notes	3,921,750	3,578,662
Trade creditors	63,710	98,574
PAYE and social security	8,768	11,285
VAT	19,799	54,718
Obligations under hire purchase agreements	100,195	–
Other creditors	6,421,950	6,608,408
Accruals and deferred income	1,584,632	1,328,237
	<u>12,120,804</u>	<u>11,679,884</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2014	2013
	£	£
Loan notes	3,921,750	3,799,987
Hire Purchase agreement	100,195	–
	<u>4,021,945</u>	<u>3,799,987</u>

The value of loan notes is formed from the issue of 2 types of loan note, B Loan notes and C Loan notes.

£787,500 B loan notes were issued 16 May 2008, with a redemption date of 5 years and one day after issue.

£787,500 additional B loan notes were issued 24 August 2009, with a redemption date of 5 years and one day after issue.

£975,000 C loan notes were issued 16 May 2008, with a redemption date of 1 July 2013, unless previously converted.

£195,000 additional C loan notes were issued 24 August 2009, with a redemption date of 5 years and 1 day after issue, unless previously converted.

The loan notes bear finance costs over the loan term as follows:

	Balance £	Redemption Date	Redemption Premium	Interest Rate
B loan notes	787,500	17/05/2013	45%	12%
B loan notes	787,500	25/08/2014	45%	12%
C loan notes	975,000	01/07/2013	40%	4.15%
C loan notes	195,000	25/08/2014	40%	4.15%

Hoole Hall Spa and Leisure Club Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

9 CREDITORS: Amounts falling due within one year (*continued*)

The accrued premiums will not be payable if, on or before the date of redemption an offer has been made or is procured to be made to the note holders to acquire all of the equity shares in the capital of the Company owned by the note holders for a consideration of at least £1 per share, which if accepted is payable and paid by no later than the date due for redemption. This offer can only be made after 1 Jan 2013 for the B and C note.

Of the total loan notes balance, the C notes totalling £1,170,000 represent convertible loan notes. The loan notes may, at the option of the note holders and as long as certain conditions have been satisfied, be converted into 'A' ordinary shares at any time during the term of the loan. Each £1 loan note would be converted into a £0.01 'A' ordinary share. Of the proceeds received in respect of the convertible loan notes, £841,160 has been treated as debt. £328,840 is presented within equity reserves.

The loans are secured by mortgage over the property, assets and undertaking of the company.

Accrued interest is included within accruals.

Loan maturity analysis

	2014	2013
	£	£
Amounts payable in less than one year	3,921,750	3,578,662
Amounts payable in more than one year	–	221,325
	<u>3,921,750</u>	<u>3,799,987</u>

£1,575,000 B Loan Notes are classified as short term creditors due to a breach of covenant in relation to the non payment of interest and redemption date. The full principal and redemption premium of £2,283,750 is technically due on demand. The interest breach has not been remedied post year end.

£1,070,000 C Loan Notes are classified as short term creditors due to a breach of covenant in relation to the non payment of interest and redemption date. The full principal and redemption premium of £1,638,000 is technically due on demand. The interest breach has not been remedied post year end.

10 CREDITORS: Amounts falling due after more than one year

	2014	2013
	£	£
Loan Notes	–	221,325
Obligations under hire purchase agreements	216,724	–
Other creditors	–	33,789
	<u>216,724</u>	<u>255,114</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	2014	2013
	£	£
Loan notes	–	221,325
Hire Purchase agreement	216,724	–
	<u>216,724</u>	<u>221,325</u>

Hoole Hall Spa and Leisure Club Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

11 COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	2014	2013
	£	£
Amounts payable within 1 year	100,195	-
Amounts payable between 2 to 5 years	216,724	-
	<u>316,919</u>	<u>-</u>

12 DEFERRED TAXATION

The elements of deferred taxation, which result in a nil balance at the end of the year are as follows:

	2014	2013
	£	£
Excess of taxation allowances over depreciation on fixed assets	193,138	178,523
Tax losses available	<u>(193,138)</u>	<u>(178,523)</u>
	<u>-</u>	<u>-</u>

13 RELATED PARTY TRANSACTIONS

The following parties are deemed to be related to Hoole Hall Spa and Leisure Club Limited (the 'Spa') as they share directors and senior management. These parties have the following balances at the year end due to recharges of expenses between the entities during the year.

	Other Debtors	Other Debtors	Other Creditors	Other Creditors
	2014	2013	2014	2013
	£	£	£	£
Gateway to Wales Hotel Limited	53,862	53,862	-	-
Hoole Hall Country Club Holdings Limited	821,453	711,453	-	-
Hoole Hall Country Club Limited	-	-	6,377,373	6,550,802
Hoole Hall Hotel Limited	1,194,129	1,023,565	-	-

The movement in the Hoole Hall Country Club Holdings Limited relates to cash transfers from Spa to Hoole Hall Country Club Holdings Limited of £110,000 (2013: £44,000) and payments made by Spa on the company's behalf of £nil (2013: £104,726).

The movement in the Hoole Hall Hotel Limited balance relates to cash transfers from Spa of £159,044 (2013: £nil) and recharges of £11,250 (2013: £nil).

The movement in the Hoole Hall Country Club Limited relates to payments made on the Spas behalf of £67,316 (2013: £196,330), fund transfers of £68,622 (2013: £390,000) and net income and costs transferred of £67,316 (2013: £8,151). There have also been recharges of £91,246 (2013: £nil).

There is a trade creditor balance due to Hoole Hall Country Club Limited of £17,378 (2013: £12,504) relating to restaurant costs in the period of £127,973 (2013: £36,911).

There is a trade debtor balance of £194 due from Hoole Hall Country Club Limited (2013: £33,158) relating to hotel guests day usage of the spa.

Hoole Hall Spa and Leisure Club Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

14 CROSS GUARANTEE

A charge has been created to secure the loan from Coutts & Company to Hoole Hall Country Club Limited.

During the year the postponement of all Downing Loan notes behind the Coutts loan and a 1st legal mortgage over the 99 year leasehold from Hoole Hall Country Club Limited was in force.

A debenture was created on 13th June 2011 in favour of Coutts & company as follows:

- i) a legal mortgage on all freehold & leasehold property,
- ii) a fixed charge on all estates or interest in property now and in the future,
- iii) a fixed charge on all plant & machinery,
- iv) a fixed charge on all fixture & fittings,
- v) a fixed charge on all goodwill,
- vi) a fixed charge on all rents receivable from any lease granted out of any freehold and leasehold property.

A legal mortgage date 16 October 2009 exists over the lease to the bedroom block at Hoole Hall Hotel in favour of Coutts & Company. A legal mortgage dated 16 October 2009 exists over the lease to the walled garden to the rear of Hoole Hall Hotel.

15 SHARE CAPITAL

	2014 £	2013 £
Allotted, called up and fully paid:		
1,200,000 Ordinary shares of £0.00625 each	7,500	7,500
1,255,000 A shares of £0.01 each	12,550	12,550
	<u>20,050</u>	<u>20,050</u>

16 RESERVES

	Share premium account £	Revaluation reserve £	Equity Reserve £	Profit and loss account £
Balance brought forward	1,984,950	3,191,545	328,840	(4,210,438)
Profit for the year	—	—	—	51,784
Other movements				
- transfer to/from revaluation reserve	—	(66,251)	—	66,251
Balance carried forward	<u>1,984,950</u>	<u>3,125,294</u>	<u>328,840</u>	<u>(4,092,403)</u>

The equity reserve represents the equity element of convertible loan notes.

Hoole Hall Spa and Leisure Club Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

17 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2014	2013
	£	£
Profit/(loss) for the financial year	51,784	(1,354,167)
Premium on new share capital subscribed	—	(599,700)
	<u>51,784</u>	<u>(1,953,867)</u>
Purchase of own ordinary shares	—	(300)
Net addition/(reduction) to shareholders' funds	51,784	(1,954,167)
Opening shareholders' funds	1,314,947	3,269,114
Closing shareholders' funds	<u>1,366,731</u>	<u>1,314,947</u>

18 CASH FLOWS

a Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities

	2014	2013
	£	£
Operating profit/(loss)	460,061	(873,433)
Depreciation	236,000	229,141
Decrease/(increase) in stocks	876	(4,937)
(Increase)/decrease in debtors	(255,024)	1,794,561
(Decrease) in creditors	(69,492)	(420,194)
Net cash inflow from operating activities	<u>372,421</u>	<u>725,138</u>

b Analysis of cash flows for headings netted in the cash flow

Returns on investment and servicing of finance

	2014	2013
	£	£
Interest received	91	304
Interest paid	(362,368)	(256,280)
Net cash outflow from returns on investments and servicing of finance	<u>(362,277)</u>	<u>(255,976)</u>

Capital expenditure

	2014	2013
	£	£
Payments to acquire tangible fixed assets	(138,776)	(17,870)
Receipts from sale of fixed assets	2,827	—
Net cash outflow from capital expenditure	<u>(135,949)</u>	<u>(17,870)</u>

Financing

	2014	2013
	£	£
Share premium on issue of equity share capital	—	(599,700)
Purchase of own equity shares	—	(300)
Increase in debenture loans	121,763	204,844
Net outflow from other short-term creditors	(7,385)	—
Net outflow from other long-term creditors	(5,275)	(12,660)
Net cash inflow/(outflow) from financing	<u>109,103</u>	<u>(407,816)</u>

Hoole Hall Spa and Leisure Club Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

18 CASH FLOWS *(continued)*

c Analysis of net debt

	At 1 Apr 2013 £	Cash flows £	Non-cash flows £	At 31 Mar 2014 £
Cash in hand and at bank	235,440	(16,702)	—	218,738
Debt due within 1 year	(3,812,647)	(114,378)	—	(3,927,025)
Debt due after 1 year	(5,275)	5,275	—	—
Hire purchase agreements	—	—	(316,919)	(316,919)
	<u>(3,817,922)</u>	<u>(109,103)</u>	<u>(316,919)</u>	<u>(4,243,944)</u>
Total	<u>(3,582,482)</u>	<u>(125,805)</u>	<u>(316,919)</u>	<u>(4,025,206)</u>