**Bluestone Resorts Holdings Limited**

# Annual report and consolidated financial statements

Registered number 08435581

For the period ended 1 January 2015

## Contents

# Company information

**Directors**

N Evans
JW McNamara
P McNamara
HV Stevens
AC Probert

**Secretary**

FG Atkins

**Company number**

08435581

**Registered office**

The Grange
Canaston Wood
Narberth
Pembrokeshire
SA67 8DE

**Auditor**

KPMG LLP
3 Assembly Square
Britannia Quay
Cardiff
CF10 4AX

**Solicitors**

Acuity Legal Limited
3 Assembly Square
Britannia Quay
Cardiff
CF10 4PL

## Strategic Report

The Strategic Report prepared in accordance with The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013:

**Business review**

The Group comprises the company and its principal subsidiary undertaking, Bluestone Resorts Group Limited.

The directors are satisfied with the progress made during 2014 and the outlook for 2015 is also extremely positive. The focus is still on developing the resort, and in maintaining momentum to become Britain's favourite short break destination.

**Key performance indicators**

Key performance indicators include turnover and level of profitability, information for which is set out in the profit and loss account on page 8.

The Group continues to make steady progress in improving its operational and financial performance despite the challenging economic conditions, with occupancy rates increasing from 89% in 2013 to 94% in 2014. The average lodge rate per night also rose by 18% between 2013 and 2014.

**Principal risks and uncertainties**

The Group provides high quality self-catering accommodation and associated facilities in a National Park location in Pembrokeshire. It is dependent upon the demand for short term leisure breaks from customers, predominantly families living within a 4 to 5 hours' drive time from the resort. The activities of larger competitors targeting the same market for leisure breaks in both the UK and abroad can have an adverse impact on the bookings, however, continued focus on customer satisfaction and feedback, coupled with strong marketing and product differentiation should help mitigate this risk.

*Financial risk management*

The Group's operations expose it to a variety of financial risks that include the effects of changes in debt market prices, credit risk, liquidity risk and interest rate risk. The Group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group by monitoring levels of debt finance and the related finance costs.

Given the size of the Group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the group's finance department.

*Price risk*

There are on-going inflationary pressures on costs and, in particular, on the cost of food and beverage goods for resale. The Group will continue to review the contracts held with its major suppliers and ensure that the best possible prices continue to be maintained. The Group consumes a significant volume of electricity and has in place a rigorous process of managing consumption and uses an energy broker to assist in obtaining the best possible prices for the supply of electricity.

## Strategic Report *(continued)*

*Credit risk*

All of the resort's guests are required to pay for their accommodation in advance of arrival. On site food, beverages and activities can also be pre-purchased online, but the majority are paid for at the time of use. The Group therefore has limited credit risk exposure to individual customers and does not carry out credit checks other than having card transactions authorised before acceptance.

*Liquidity risk*

Now that the Group is trading profitably, the liquidity risk has been reduced significantly. The Group operates in a cash positive environment, in that customers pay for their holiday in full before arrival.

In addition, the Group has in place detailed cash flow forecasting models which are updated weekly and enable it to manage cash flow in order to operate within the facility levels granted by lenders.

By order of the board

Neil Evans

N Evans
*Director*

The Grange
Canaston Wood
Narberth
Pembrokeshire
SA67 8DE

3rd June 2015

## Directors' Report

The directors present their directors' report and financial statements for the 52 week period ended 1 January 2015.

**Principal activities**

The principal activity of the Company is as a holding Company owning investments in subsidiary undertakings, and in providing management services to those undertakings.

The principal activity of the Group is the operation and continued development of the Bluestone National Park Resort in Pembrokeshire, which offers 5 star, short break holidays all year round.

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 1 January 2015. In the prior period, the Company acquired 100% of the shares in Bluestone Resorts Group Limited on 8 July 2013. The results of subsidiary undertakings acquired in the prior period are included in the consolidated profit and loss account from the date of acquisition. There were no transactions prior to the acquisition of Bluestone Resorts Group Limited, therefore, the profit and loss account cash flow statement and associated notes in the prior period represent the post acquisition results being a 26 week period to 2 January 2014.

**Directors**

*The directors who held office during the period were as follows:*

N Evans

P McNamara

JW McNamara

AC Probert

HV Stevens

IG Bartlett (resigned 31 January 2014)

**Disclosure of information to auditor**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

Neil Evans

**N Evans**
*Director*

The Grange
Canaston Wood
Narberth
Pembrokeshire
SA67 8DE

3rd June 2015

## Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

The directors are responsible for preparing the Strategic Report, 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 they have elected to prepare the Group and parent Company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

KPMG LLP

3 Assembly Square
Britannia Quay
Cardiff CF10 4AX
United Kingdom

# Independent auditor's report to the members of Bluestone Resorts Holdings Limited

We have audited the financial statements of Bluestone Resorts Holdings Limited for the 52 week period ended 1 January 2015 set out on pages 8 to 24. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 explained more fully in the Directors' Responsibilities Statement set out on page 5, 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.

### 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 1 January 2015 and of the Group's profit for the period then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### 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 period for which the financial statements are prepared is consistent with the financial statements.

## Independent auditor's report to the members of Bluestone Resorts Holdings 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.

Virginia Stevens

**Virginia Stevens (Senior Statutory Auditor)**
**for and on behalf of KPMG LLP, Statutory Auditor**
Chartered Accountants
3 Assembly Square
Britannia Quay
Cardiff
CF10 4AX

10 June 2015

## Consolidated Profit and Loss Account
*for the period ended 1 January 2015*

| | Note | 52 week period ended 1 January 2015 £000 | 26 week period ended 2 January 2014 £000 |
|---|---|---|---|
| Turnover | 1, 2 | 16,287 | 8,602 |
| Cost of sales | | (2,146) | (1,216) |
| **Gross profit** | | 14,141 | 7,386 |
| Administrative expenses | | (13,413) | (7,156) |
| **Operating profit** | | 728 | 230 |
| Interest payable and similar charges | 6 | (5) | (17) |
| **Profit on ordinary activities before taxation** | 3-5 | 723 | 213 |
| Tax on loss on ordinary activities | 7 | - | - |
| **Profit for the financial period** | 18 | 723 | 213 |

All amounts relate to operations acquired in the previous period and are continuing operations.

The results above represent the total recognised gains and losses for the period. Accordingly, no separate statement of total recognised gains and losses has been prepared.

The notes on pages 12 to 24 form part of these financial statements.

# Consolidated Balance Sheet
*at 1 January 2015*

| | Note | 1 January 2015 | | 2 January 2014 | |
|---|---|---|---|---|---|
| | | £000 | £000 | £000 | £000 |
| **Fixed assets** | | | | | |
| Intangible assets – negative goodwill | *8* | | (17,740) | | (18,157) |
| Tangible assets | *9* | | 34,125 | | 34,458 |
| Investments | *10* | | 15 | | - |
| | | | 16,400 | | 16,301 |
| **Current assets** | | | | | |
| Stocks | *11* | 300 | | 273 | |
| Debtors | *12* | 577 | | 592 | |
| Cash at bank and in hand | | 277 | | 257 | |
| | | 1,154 | | 1,122 | |
| **Creditors:** amounts falling due within one year | *13* | (4,188) | | (4,352) | |
| **Net current liabilities** | | | (3,034) | | (3,230) |
| **Total assets less current liabilities** | | | 13,366 | | 13,071 |
| **Creditors:** amounts falling due after more than one year | *14* | | (12,420) | | (12,848) |
| **Net assets** | | | 946 | | 223 |
| **Capital and reserves** | | | | | |
| Called up share capital | *16* | | 10 | | 10 |
| Profit and loss account | *17* | | 936 | | 213 |
| **Shareholders' funds** | *18* | | 946 | | 223 |

These financial statements were approved by the board of directors on 3rd June 2015 and were signed on its behalf by:

Neil Evans

N Evans
*Director*

Company registered number: 08435581

The notes on pages 12 to 24 form part of these financial statements.

# Company Balance Sheet
*at 1 January 2015*

| | Note | 1 January 2015 £000 | 1 January 2015 £000 | 2 January 2014 £000 | 2 January 2014 £000 |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Investments | *10* | | 552 | | 552 |
| **Current assets** | | | | | |
| Debtors | *12* | - | | - | |
| Cash at bank | | 5 | | 5 | |
| | | 5 | | 5 | |
| **Creditors: amounts falling due within one year** | *13* | - | | - | |
| | | | 5 | | 5 |
| **Net current assets** | | | 557 | | 557 |
| **Debtors: amounts recoverable after more than one year** | *12* | | 11,827 | | 12,324 |
| **Total assets less current liabilities** | | | 12,384 | | 12,881 |
| **Creditors: amounts falling due after more than one year** | *14* | | (12,148) | | (12,648) |
| **Net assets** | | | 236 | | 233 |
| **Capital and reserves** | | | | | |
| Called up share capital | *16* | | 10 | | 10 |
| Profit and loss account | *17* | | 226 | | 223 |
| **Shareholders' funds** | *18* | | 236 | | 233 |

These financial statements were approved by the board of directors on 3rd June 2015 and were signed on its behalf by:

Neil Evans

**N Evans**
*Director*

Company registered number: 08435581

The notes on pages 12 to 24 form part of these financial statements.

## Consolidated Cash Flow Statement
*for the period ended 1 January 2015*

| | *Note* | 52 week period ended 1 January 2015 £000 | 26 week period ended 2 January 2014 £000 |
|---|---|---|---|
| Net cash inflow/(outflow) from operating activities | *19* | 2,386 | (837) |
| Returns on investments and servicing of finance | *20* | (5) | (17) |
| Capital expenditure and financial investment | *20* | (1,278) | (564) |
| Acquisitions and disposals | *20* | - | (442) |
| **Cash inflow/(outflow) before financing** | | 1,103 | (1,860) |
| Financing | *20* | (503) | 1,264 |
| **Increase /(decrease) in cash in the period** | *21* | **600** | (596) |

## Reconciliation of net cash flow to movement in net debt

| | *Note* | £000 | £000 |
|---|---|---|---|
| **Net debt brought forward/on incorporation** | | (13,244) | - |
| Increase/(decrease) in cash in the period | | 600 | (596) |
| Cash outflow/(inflow) from change in debt | | 503 | (1,254) |
| **Change in net debt resulting from cash flows** | | (12,141) | (1,850) |
| Loans acquired with subsidiary | | - | (11,237) |
| Other non-cash changes | | - | (157) |
| New finance leases | | (71) | - |
| **Net debt carried forward** | *21* | (12,212) | (13,244) |

The notes on pages 12 to 24 form part of these financial statements.

# Notes

*(forming part of the financial statements)*

## 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

*Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules.

*Going concern*

Following the acquisition in 2013, the Group has traded in profit for the second successive year.

As at 1 January 2015, the Group has net current liabilities of £3,034,000, (2014: £3,230,000) although this reflects the seasonality of the business as a significant proportion relates to customer deposits in relation to advance bookings for the forthcoming season.

The directors have considered the basis of preparation of the financial statements and, based on the assessment of budgets and cash flow forecasts for at least twelve months from the date of signing of these financial statements, are satisfied the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the financial statements.

*Basis of consolidation*

The consolidated financial statements include the financial statements of Bluestone Resorts Holdings Limited and its subsidiary undertakings made up to 1 January 2015. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the period are included in the consolidated profit and loss account from the date of acquisition and up to the date of disposal.

Under section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account. The profit of the parent company is £3,000 *(2014: £223,000)*.

*Turnover*

Turnover comprises revenue recognised by the Group in respect of goods and services supplied during the period, exclusive of Value Added Tax and trade discounts. Revenue in relation to accommodation services is recognised on guest arrival. Revenue in relation to activities, retail and dining services is recognised at point of service.

*Negative goodwill*

Negative goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. Negative goodwill arising on consolidation in respect of acquisitions is included within fixed assets and released to the profit and loss account in the periods in which the fair values of the non-monetary assets purchased on the same acquisition are recovered, whether through depreciation or sale.

*Tangible fixed assets and depreciation*

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

| | | |
|---|---|---|
| Freehold property | - | 2% straight line |
| Plant & machinery | - | 20% straight line |
| Motor vehicles | - | 25% straight line |
| Fixtures & fittings | - | 20% straight line |
| Property improvements | - | 5% straight line |
| Computer equipment | - | 33% straight line |

# Notes *(continued)*

## 1 Accounting policies *(continued)*

*Impairment of fixed assets*

The carrying amount of the Company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. These reviews assess the recoverable amount by reference to the net present value of expected future cash flows of the relevant income generating unit, or disposal value if higher. The discount rate applied to the period was 9% based on a review of the market and other external factors. A look back test is performed for each of the following five years after the value in use calculation has been undertaken. An impairment test performed in the period ended 3 January 2013 resulted in an impairment charge of £7,036,000, therefore the carrying value of tangible fixed assets includes this impairment charge.

*Taxation*

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

*Pensions*

The Group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Group to the fund in respect of the year.

*Government grants*

Government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the expected useful lives of the assets to which they relate or in periods in which the related costs are incurred.

*Leases*

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

*Stocks*

Stocks are stated at the lower of cost and net realisable value. Net realisable value is the price at which the stock can be realised in the normal course of business after allowing for the costs of realisation. Provision is made, where necessary, for slow moving, obsolescent and defective stocks.

*Investments*

Investment in subsidiary undertaking is stated at cost less any amounts written off.

## 2 Turnover

The whole of the Group's turnover is attributable to the provision of goods and services which fall within the Group's ordinary activities, stated net of value added tax.

The turnover is derived from the continuing activities being the operation of Bluestone National Park Resort in Pembrokeshire.

All turnover arose within the United Kingdom.

# Notes *(continued)*

## 3 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/(crediting):

| | 52 week period ended 1 January 2015 £000 | 26 week period ended 2 January 2014 £000 |
|---|---|---|
| Depreciation of tangible fixed assets | 1,667 | 540 |
| Amortisation of negative goodwill | (417) | (209) |
| *Auditor's remuneration:* | | |
| Audit of these financial statements | 2 | 2 |
| Audit of financial statements of subsidiaries | 26 | 26 |
| Other services relating to taxation | 6 | 6 |
| Operating lease rentals: | | |
| - land & buildings | 82 | 55 |
| - other | 5 | 10 |
| Amortisation of government grants | (425) | (50) |

## 4 Staff numbers and costs

The average number of staff employed by the Group, including directors, during the period was:

| | 52 week period ended 1 January 2015 No. | 26 week period ended 2 January 2014 No. |
|---|---|---|
| Site operations | 480 | 477 |
| Administration | 54 | 54 |
| | 534 | 531 |

The aggregate payroll costs of the above were:

| | 52 week period ended 1 January 2015 £000 | 26 week period ended 2 January 2014 £000 |
|---|---|---|
| Wages and salaries | 6,202 | 3,369 |
| Social security costs | 388 | 206 |
| Other pension costs | 46 | 11 |
| | 6,636 | 3,586 |

## 5 Remuneration of directors

| | 52 week period ended 1 January 2015 £000 | 26 week period ended 2 January 2014 £000 |
|---|---|---|
| Directors' emoluments | 385 | 216 |
| Company contributions to defined contribution pension schemes | 6 | 3 |

## Notes *(continued)*

### 5 Remuneration of directors *(continued)*

Directors' emoluments represent amounts paid in the period to the directors of Bluestone Resorts Holdings Limited. They were remunerated by subsidiary Company, Bluestone Resorts Limited for their services to the Group as a whole.

The highest paid director received remuneration of £130,000 *(2014: £65,500, part year effect)*. The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £Nil.

### 6 Interest payable and similar charges

| | 52 week period ended 1 January 2015 £000 | 26 week period ended 2 January 2014 £000 |
|---|---|---|
| On bank loans and overdrafts | 5 | 17 |

### 7 Taxation

*Analysis of charge in the period*

| | 52 week period ended 1 January 2015 £000 | 26 week period ended 2 January 2014 £000 |
|---|---|---|
| *Current tax:* | | |
| UK corporation tax based on the result for the period | - | - |
| Total current tax | - | - |
| *Deferred tax (see note 15):* | | |
| Origination and reversal of timing differences | - | - |
| Tax on profit on ordinary activities | - | - |

*Factors affecting the tax charge for the current period*

The tax assessed on the profit on ordinary activities for the period is lower *(2014: lower)* than the standard rate of corporation tax in the UK of 21.5% *(2014: 23.25%)*, as explained below:

| | 52 week period ended 1 January 2015 £000 | 26 week period ended 2 January 2014 £000 |
|---|---|---|
| *Current tax reconciliation* | | |
| Profit on ordinary activities before taxation | 723 | 213 |
| Current tax at 21.5% *(2014: 23.25%)* | 155 | 50 |
| *Effects of:* | | |
| Amortisation of negative goodwill not allowable for tax purposes | (89) | (48) |
| Capital allowances for period in excess of depreciation | (254) | (12) |
| Other timing differences | 188 | 10 |
| Total current tax (see above) | - | - |

# Notes *(continued)*

## 7 Taxation *(continued)*

***Factors that may affect future current and total tax charges***

The current UK tax rate that has been used for the period is a hybrid rate of 21.5%.

A reduction in the UK corporation tax rate from 24% to 23% (effective from 1 April 2013) was substantively enacted on 3 July 2012. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the Group's future tax charge accordingly.

## 8 Intangible fixed assets – negative goodwill

| Group | Negative Goodwill £000 |
|---|---|
| *Cost* | |
| At 2 January 2014 | (18,366) |
| **At 1 January 2015** | **(18,366)** |
| *Amortisation* | |
| At 2 January 2014 | 209 |
| Amortisation for the period | 417 |
| **At 1 January 2015** | **626** |
| *Net book value* | |
| **at 1 January 2015** | **(17,740)** |
| At 2 January 2014 | (18,157) |

## 9 Tangible fixed assets

| Group | Freehold property £000 | Assets under construction £000 | Motor vehicles £000 | Fixtures & fittings, property improvements & computer equipment £000 | Total £000 |
|---|---|---|---|---|---|
| *Cost* | | | | | |
| At 2 January 2014 | 41,504 | - | 119 | 5,067 | 46,690 |
| Additions | 3 | 480 | 96 | 755 | 1,334 |
| **At 1 January 2015** | **41,507** | **480** | **215** | **5,822** | **48,024** |
| *Depreciation* | | | | | |
| At 2 January 2014 | 9,596 | - | 58 | 2,578 | 12,232 |
| Charge for the period | 724 | - | 14 | 929 | 1,667 |
| **At 1 January 2015** | **10,320** | **-** | **72** | **3,507** | **13,899** |
| *Net book value* | | | | | |
| **At 1 January 2015** | **31,187** | **480** | **143** | **2,315** | **34,125** |
| At 2 January 2014 | 31,908 | - | 61 | 2,489 | 34,458 |

## Notes *(continued)*

### 9 Tangible fixed assets *(continued)*

Included in the total net book value of Motor vehicles is £94,000 *(2014: £nil)* in respect of assets held under finance leases. Depreciation for the period on these assets was £3,000 *(2014: £nil)*.

The directors have assessed the carrying value of fixed assets in the current and prior period based on cash flow projections for a 5 year period, and concluded that there is no impairment needed. Although the directors recognise that this is an area of significant uncertainty, the directors are confident that the projections can be achieved and, on the basis of the assumptions adopted, have concluded that the carrying value of fixed assets is appropriate.

### 10 Fixed asset investments

| **Company** | **Shares in group undertaking £000** |
|---|---|
| *Cost or valuation* | |
| At 2 January 2014 and 1 January 2015 | 552 |
| *Impairment* | |
| At 2 January 2014 and 1 January 2015 | - |
| *Net book value* | |
| **At 2 January 2014 and 1 January 2015** | **552** |

Details of the principal subsidiaries can be found under note 25.

All subsidiaries have been included in the consolidation.

| **Group** | **Unlisted investments £000** |
|---|---|
| *Cost* | |
| At 2 January 2014 | - |
| Additions | 15 |
| At 1 January 2015 | 15 |
| **Impairment** | |
| At 2 January 2014 and 1 January 2015 | - |
| *Net book value* | |
| **At 1 January 2015** | **15** |
| At 2 January 2014 | - |

The investment constitutes 94 ordinary shares in Nisa-Today's (Holdings) Limited.

## Notes *(continued)*

### 11 Stocks

| | 1 January 2015 Group £000 | 1 January 2015 Company £000 | 2 January 2014 Group £000 | 2 January 2014 Company £000 |
|---|---|---|---|---|
| Raw material and consumables | 300 | - | 273 | - |
| | 300 | - | 273 | - |

### 12 Debtors

| | 1 January 2015 Group £000 | 1 January 2015 Company £000 | 2 January 2014 Group £000 | 2 January 2014 Company £000 |
|---|---|---|---|---|
| *Due within one year* | | | | |
| Trade debtors | 16 | - | 11 | - |
| Other debtors | 50 | - | 41 | - |
| Prepayments and accrued income | 511 | - | 540 | - |
| | 577 | - | 592 | - |

| | 1 January 2015 Group £000 | 1 January 2015 Company £000 | 2 January 2014 Group £000 | 2 January 2014 Company £000 |
|---|---|---|---|---|
| *Due after more than one year* | | | | |
| Amount owed by group undertakings | - | 11,827 | - | 12,324 |
| | - | 11,827 | - | 12,324 |

### 13 Creditors: amounts falling due within one year

| | 1 January 2015 Group £000 | 1 January 2015 Company £000 | 2 January 2014 Group £000 | 2 January 2014 Company £000 |
|---|---|---|---|---|
| Bank overdraft (secured) | 273 | - | 853 | - |
| Net obligations under finance leases | 18 | - | - | - |
| Other creditors | 53 | - | 11 | - |
| Trade creditors | 1,145 | - | 1,015 | - |
| Social security and other taxes | 386 | - | 52 | - |
| Accruals and deferred income | 2,260 | - | 2,421 | - |
| Government grants received | 53 | - | - | - |
| | 4,188 | - | 4,352 | - |

The bank overdraft is held with Barclays Bank plc, who has a first legal charge over various leasehold and freehold property at the Company. The bank also has a cross guarantee and debenture with the company, Bluestone Resorts Group Limited and Bluestone Resorts Holdings Limited. The interest on the bank overdraft is charged at 2.50% over Bank of England Base Rate (currently 0.50%).

## Notes *(continued)*

### 14 Creditors: amounts falling due after more than one year

| | 1 January 2015 Group £000 | 1 January 2015 Company £000 | 2 January 2014 Group £000 | 2 January 2014 Company £000 |
|---|---|---|---|---|
| Shareholder loan notes | 11,997 | 11,997 | 12,491 | 12,491 |
| Obligations under finance leases | 50 | - | - | - |
| Other creditors | 151 | 151 | 157 | 157 |
| Government grants received | 222 | - | 200 | - |
| | 12,420 | 12,148 | 12,848 | 12,648 |

Included within the above are amounts falling due as follows:

| | 1 January 2015 Group £000 | 1 January 2015 Company £000 | 2 January 2014 Group £000 | 2 January 2014 Company £000 |
|---|---|---|---|---|
| *Over five years:* | | | | |
| Shareholder loan notes | 11,997 | 11,997 | 12,491 | 12,491 |
| Other creditors | 151 | 151 | 157 | 157 |
| Government grants deferred | 110 | - | 200 | - |
| | 12,258 | 12,148 | 12,848 | 12,648 |

Shareholder loan notes have no fixed date for repayment. No interest is payable by the Company on the loan notes.

Other creditors are amounts due to the directors in relation to the acquisition of Bluestone Resorts Group Limited in the prior period. These amounts are payable on the same terms as the shareholder loan notes and no interest is payable.

# Notes *(continued)*

## 15 Deferred taxation

No deferred tax charge/(credit) arises in the period. Amounts recognised and unrecognised in respect of deferred tax at 20% are set out below:

| | 1 January 2015 | | 2 January 2014 | |
|---|---|---|---|---|
| | Amounts provided £000 | Amounts unprovided £000 | Amounts provided £000 | Amounts unprovided £000 |
| Difference between accumulated depreciation and capital allowances | 496 | - | 82 | - |
| Short term timing differences | (10) | - | (55) | - |
| Losses | (486) | (6,825) | (27) | (6,976) |
| | - | (6,825) | - | (6,976) |

The deferred tax has not been recognised in the Company financial statements on the grounds that there is insufficient evidence that the asset will be recovered in the foreseeable future.

Based on the current capital investment plans, the Group expects to continue to be able to claim capital allowances in excess of depreciation in future periods.

## 16 Share capital

| | 1 January 2015 £000 | 2 January 2014 £000 |
|---|---|---|
| *Allotted, called up and fully paid* | | |
| 961,769 A ordinary shares of £0.01 each | 10 | 10 |
| 5,390 B1 ordinary shares of £0.01 each | - | - |
| 500 B2 ordinary shares of £0.01 each | - | - |
| 2,310 C ordinary shares of £0.01 each | - | - |
| 30,031 D ordinary shares of £0.01 each | - | - |
| | 10 | 10 |

During the period the Company issued, 10,010 D ordinary shares at £0.01 each for cash consideration of £100.10. At 1 January 2015, the issued share capital of the company was £10,000 *(2014: £9,899.90)*.

The D ordinary shareholders are entitled to 3% of a dividend or other distribution of capital. The A, B and C ordinary shareholders are entitled to receive a dividend or other distribution of capital following the payment or distribution to all D ordinary shareholders pro rata in relation to their shareholding in the issued share capital of the company.

The A, B and D ordinary shareholders are entitled to vote at any general meeting. The C ordinary shares carry no voting rights.

## Notes *(continued)*

### 17 Reserves

| | Profit and loss account 1 January 2015 £000 | Profit and loss account 2 January 2014 £000 |
|---|---|---|
| **Group** | | |
| At beginning of period/on incorporation | 213 | - |
| Profit for the period | 723 | 213 |
| At end of period | 936 | 213 |

| | Profit and loss account 1 January 2015 £000 | Profit and loss account 2 January 2014 £000 |
|---|---|---|
| **Company** | | |
| At beginning of period/on incorporation | 223 | - |
| Profit for the period | 3 | 223 |
| At end of period | 226 | 223 |

### 18 Reconciliation of movement in shareholders' funds

| | 1 January 2015 £000 | 2 January 2014 £000 |
|---|---|---|
| **Group** | | |
| Opening shareholders' funds | 223 | - |
| Shares issued during the period | - | 10 |
| Profit for the period | 723 | 213 |
| **Closing shareholders' funds** | 946 | 223 |

| | 1 January 2015 £000 | 2 January 2014 £000 |
|---|---|---|
| **Company** | | |
| Opening shareholders' funds | 233 | - |
| Shares issued during the period | - | 10 |
| Profit for the period | 3 | 223 |
| **Closing shareholders' funds** | 236 | 233 |

The Company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own profit and loss account.

# Notes *(continued)*

## 19 Reconciliation of operating profit to net cash flow from operating activities

| | 52 week period ended 1 January 2015 £000 | 26 week period ended 2 January 2014 £000 |
|---|---|---|
| Operating profit | 728 | 230 |
| Amortisation of intangible fixed assets | (417) | (209) |
| Depreciation of tangible fixed assets | 1,667 | 540 |
| Increase in stocks | (27) | (33) |
| Decrease in debtors | 15 | 392 |
| Increase/(decrease) in creditors | 420 | (1,757) |
| **Net cash inflow/(outflow) from operating activities** | 2,386 | (837) |

In the prior period, the amounts above represent cash flows from the Group's operating activities since incorporation but exclude amounts acquired as a result of the acquisition of Bluestone Resorts Group Limited on 8 July 2013.

## 20 Analysis of cash flows

| | 52 week period ended 1 January 2015 £000 | 26 week period ended 2 January 2014 £000 |
|---|---|---|
| **Returns on investments and servicing of finance** | | |
| Bank interest paid | (5) | (17) |
| **Net cash outflow from returns on investments and servicing of finance** | (5) | (17) |

| | 52 week period ended 1 January 2015 £000 | 26 week period ended 2 January 2014 £000 |
|---|---|---|
| **Capital expenditure and financial investment** | | |
| Purchase of tangible fixed assets | (1,263) | (564) |
| Purchase of investments | (15) | - |
| **Net cash outflow from capital expenditure** | (1,278) | (564) |

| | 52 week period ended 1 January 2015 £000 | 26 week period ended 2 January 2014 £000 |
|---|---|---|
| **Acquisitions and disposals** | | |
| Cash acquired with subsidiary | - | 110 |
| Costs of acquisition | - | (552) |
| **Net cash outflow from acquisitions and disposals** | - | (442) |

## Notes *(continued)*

### 20 Analysis of cash flows *(continued)*

| | 52 week period ended 1 January 2015 £000 | 26 week period ended 2 January 2014 £000 |
|---|---|---|
| **Financing** | | |
| Issue of ordinary shares | - | 10 |
| Shareholder loans | - | 12,491 |
| Repayment of existing loans | (500) | (11,237) |
| Capital element of finance lease rental payments | (3) | - |
| **Net cash (outflow)/inflow from financing** | (503) | 1,264 |

### 21 Analysis of net debt

| | 2 January 2014 £000 | Cash flow £000 | Non-cash charges £000 | 1 January 2015 £000 |
|---|---|---|---|---|
| Cash | 257 | 20 | - | 277 |
| Overdraft | (853) | 580 | - | (273) |
| | (596) | 600 | - | 4 |
| Shareholder loans | (12,491) | 494 | - | (11,997) |
| Directors' loans | (157) | 6 | - | (151) |
| Finance leases | - | 3 | (71) | (68) |
| | (13,244) | 1,103 | (71) | (12,212) |

### 22 Pension commitments

The Group operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Group to the scheme and amounted to £46,000 *(2014: £11,000)*.

There were no outstanding or prepaid contributions at the balance sheet date.

### 23 Operating lease commitments

At 1 January 2015, the Group had annual commitments under non-cancellable operating leases as follows:

| | 1 January 2015 | | 2 January 2014 | |
|---|---|---|---|---|
| | Land and buildings £000 | Other £000 | Land and buildings £000 | Other £000 |
| *Expiry date:* | | | | |
| Within one year | - | 5 | - | 6 |
| Between two and five years | - | - | - | 5 |
| After more than five years | 82 | - | 55 | - |

## Notes *(continued)*

### 24 Related party transactions

During the prior period, unsecured loan notes were issued and are due to related parties by the Group and Company as follows:

| | Relationship | As at 2 January 2014 £000 | Repayment £000 | As at 1 January 2015 £000 |
|---|---|---|---|---|
| D Briere De L'Isle | Shareholder | 5,746 | (227) | 5,519 |
| HV Stevens | Director/shareholder | 5,746 | (227) | 5,519 |
| AC Probert | Director/shareholder | 999 | (40) | 959 |
| | | 12,491 | (494) | 11,997 |

At the balance sheet date, the following amounts were due to the directors of the Company in relation to the acquisition of Bluestone Resorts Group Limited:

| | Relationship | As at 2 January 2014 £000 | Redistribution £000 | Repayment £000 | As at 1 January 2015 £000 |
|---|---|---|---|---|---|
| JW McNamara | Director/shareholder | 48 | 12 | (2) | 58 |
| P McNamara | Director/shareholder | 40 | 10 | (2) | 48 |
| N Evans | Director/shareholder | 37 | 10 | (2) | 45 |
| I Bartlett | Director/shareholder | 32 | (32) | - | - |
| | | 157 | - | (6) | 151 |

During the period, an amount of £500,000 relating to the above shareholders' loan notes and amounts due to the directors was repaid by the Company. The repayment was allocated in proportion with the above amounts.

### 25 Principal subsidiaries

The Company has the following investments in subsidiaries, all of which are incorporated in England and Wales:

| Company name | Percentage shareholding | Description |
|---|---|---|
| Bluestone Resorts Group Limited | 100% | Intermediate holding company |
| Bluestone Resorts Limited | 100%* | Hospitality and leisure trading company |
| Bluestone Resorts Services Limited | 100%* | Dormant company |

* held indirectly

### 26 Ultimate controlling party

By virtue of the shareholding structure, there is no sole ultimate controlling party.