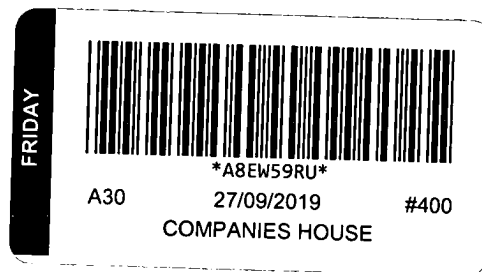


"AMENDED"

REGISTERED NUMBER: 10449423 (England and Wales)

**GROUP STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
FOR
BGAM HOTELS (KW) LIMITED**



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

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BGAM HOTELS (KW) LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2018

DIRECTORS:

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

REGISTERED OFFICE:

Greenhill House
90/93 Cowcross Street
London
EC1M 6BF

REGISTERED NUMBER:

10449423 (England and Wales)

AUDITORS:

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

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

The directors present their strategic report of the company and the group for the year ended 31 December 2018.

REVIEW OF BUSINESS

The results for the year show revenues generated of £3,141,677 (2017 - £2,689,540)and a resultant loss before tax of £(1,027,754) (2017 - £(432,742)).

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

However, the directors are mindful that the consolidated figures include significant provision for amortising the group's acquisition of the trading subsidiary during the year. This therefore distorts the underlying trading results.

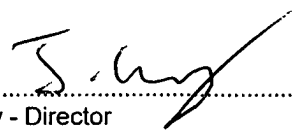
The comparative figures also only include the trading activities of the subsidiary since acquisition in March 2017. This therefore distorts the comparability of the previous year's figures.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risk to the underlying trading business is inadequate occupancy of available rooms and therefore an ability to generate sufficient revenues to service operations. The directors closely monitor the subsidiary's performance against similar companies operating in comparable markets and respond accordingly. The subsidiary is also susceptible to any loss in key members of operational staff and therefore operates a number of performance reward and incentive programmes to mitigate these risks.

Furthermore, for the holding company itself (and therefore to the group as a whole) the greatest risk is increasing interest rates having a detrimental effect on its financing costs. The directors review cash flows and debt servicing options on an ongoing basis to ensure there is sufficient cash available to service loan repayments as they fall due.

ON BEHALF OF THE BOARD:


.....
J D Levy - Director

Date: 
.....

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

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

DIVIDENDS

Interim dividends of £42.50 per share were paid during the year. The directors recommend that no final dividend be paid.

The total distribution of dividends for the period ended 31 December 2018 will be £161,500.

DIRECTORS

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

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

Other changes in directors holding office are as follows:

A R Rubin - appointed 19 November 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2018

AUDITORS

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

ON BEHALF OF THE BOARD:

.....
JD Levy - Director

Date: 25/9/19

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF BGAM HOTELS (KW) LIMITED

Opinion

We have audited the financial statements of BGAM Hotels (KW) Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 31 December 2018 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF BGAM HOTELS (KW) LIMITED

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept 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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

Date: 26/09/2019

BGAM HOTELS (KW) LIMITED (REGISTERED NUMBER: 10449423)

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

		YEAR ENDED 31/12/18 £	PERIOD 27/10/16 TO 31/12/17 £
	Notes		
TURNOVER		3,141,677	2,689,540
Cost of sales		<u>1,815,846</u>	<u>1,415,134</u>
GROSS PROFIT		1,325,831	1,274,406
Administrative expenses		<u>2,068,573</u>	<u>1,539,786</u>
OPERATING LOSS	4	(742,742)	(265,380)
Interest receivable and similar income		<u>-</u>	<u>2</u>
		(742,742)	(265,378)
Interest payable and similar expenses	5	<u>285,012</u>	<u>167,364</u>
LOSS BEFORE TAXATION		(1,027,754)	(432,742)
Tax on loss	6	<u>27,978</u>	<u>87,911</u>
LOSS FOR THE FINANCIAL YEAR		<u>(1,055,732)</u>	<u>(520,653)</u>
Loss attributable to: Owners of the parent		<u>(1,055,732)</u>	<u>(520,653)</u>

The notes form part of these financial statements

BGAM HOTELS (KW) LIMITED (REGISTERED NUMBER: 10449423)

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

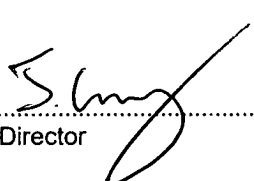
	Notes	YEAR ENDED 31/12/18 £	PERIOD 27/10/16 TO 31/12/17 £
LOSS FOR THE YEAR		(1,055,732)	(520,653)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(1,055,732)</u>	<u>(520,653)</u>
Total comprehensive income attributable to: Owners of the parent		<u>(1,055,732)</u>	<u>(520,653)</u>

The notes form part of these financial statements

CONSOLIDATED BALANCE SHEET
31 DECEMBER 2018

	Notes	£	2018	£	2017	£
FIXED ASSETS						
Intangible assets	9			3,462,417		4,526,161
Tangible assets	10			5,470,306		5,145,913
Investments	11			-		-
				<u>8,932,723</u>		<u>9,672,074</u>
CURRENT ASSETS						
Stocks	12		18,568		20,534	
Debtors	13		184,291		239,063	
Cash at bank and in hand			<u>107,340</u>		<u>44,866</u>	
			310,199		304,463	
CREDITORS						
Amounts falling due within one year	14		<u>4,850,647</u>		<u>4,514,252</u>	
NET CURRENT LIABILITIES				<u>(4,540,448)</u>		<u>(4,209,789)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES				4,392,275		5,462,285
CREDITORS						
Amounts falling due after more than one year	15			(6,146,622)		(6,024,500)
PROVISIONS FOR LIABILITIES	19			<u>(63,500)</u>		<u>(38,400)</u>
NET LIABILITIES				<u><u>(1,817,847)</u></u>		<u><u>(600,615)</u></u>
CAPITAL AND RESERVES						
Called up share capital	20			38		38
Retained earnings	21			<u>(1,817,885)</u>		<u>(600,653)</u>
SHAREHOLDERS' FUNDS				<u><u>(1,817,847)</u></u>		<u><u>(600,615)</u></u>

The financial statements were approved by the Board of Directors on 28.09.2019 and were signed on its behalf by:

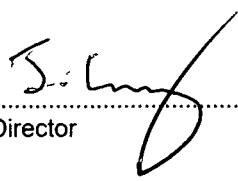

 J.D. Levy - Director

The notes form part of these financial statements

COMPANY BALANCE SHEET
31 DECEMBER 2018

	Notes	2018 £	2017 £
FIXED ASSETS			
Intangible assets	9	-	-
Tangible assets	10	-	-
Investments	11	6,117,176	6,117,176
		<u>6,117,176</u>	<u>6,117,176</u>
CURRENT ASSETS			
Debtors	13	3,737,788	3,916,283
Cash at bank		-	9
		<u>3,737,788</u>	<u>3,916,292</u>
CREDITORS			
Amounts falling due within one year	14	4,041,991	3,995,200
NET CURRENT LIABILITIES		<u>(304,203)</u>	<u>(78,908)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		5,812,973	6,038,268
CREDITORS			
Amounts falling due after more than one year	15	5,811,109	6,024,500
NET ASSETS		<u>1,864</u>	<u>13,768</u>
CAPITAL AND RESERVES			
Called up share capital	20	38	38
Retained earnings	21	1,826	13,730
SHAREHOLDERS' FUNDS		<u>1,864</u>	<u>13,768</u>
Company's profit for the financial year		<u>149,596</u>	<u>93,730</u>

The financial statements were approved by the Board of Directors on 25/09/2019 and were signed on its behalf by:


.....
J D Levy - Director

The notes form part of these financial statements

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

	Called up share capital £	Retained earnings £	Total equity £
Changes in equity			
Issue of share capital	38	-	38
Dividends	-	(80,000)	(80,000)
Total comprehensive income	-	(520,653)	(520,653)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2017	38	(600,653)	(600,615)
	<hr/>	<hr/>	<hr/>
Changes in equity			
Dividends	-	(161,500)	(161,500)
Total comprehensive income	-	(1,055,732)	(1,055,732)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2018	38	(1,817,885)	(1,817,847)
	<hr/>	<hr/>	<hr/>

The notes form part of these financial statements

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

	Called up share capital £	Retained earnings £	Total equity £
Changes in equity			
Issue of share capital	38	-	38
Dividends	-	(80,000)	(80,000)
Total comprehensive income	-	93,730	93,730
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2017	38	13,730	13,768
	<hr/>	<hr/>	<hr/>
Changes in equity			
Dividends	-	(161,500)	(161,500)
Total comprehensive income	-	149,596	149,596
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2018	38	1,826	1,864
	<hr/>	<hr/>	<hr/>

The notes form part of these financial statements

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018

		YEAR ENDED 31/12/18 £	PERIOD 27/10/16 TO 31/12/17 £
	Notes		
Cash flows from operating activities			
Cash generated from operations	1	935,048	515,769
Interest paid		(234,796)	(167,364)
Interest element of finance lease payments paid		(50,216)	-
Tax paid		(126,454)	(60,714)
Net cash from operating activities		523,582	287,691
Cash flows from investing activities			
Purchase of tangible fixed assets		(43,564)	(12,613)
Interest received		-	2
Net cash from investing activities		(43,564)	(12,611)
Cash flows from financing activities			
Bank loans drawn down		-	6,200,000
Shareholder loans		-	3,811,800
Capital repayments in year		(256,044)	-
Share issue		-	38
Subsidiary share acquisition cost		-	(6,117,176)
Associated debt repayments		-	(332,647)
Associated loan repayments		-	(3,712,314)
Cash acquired		-	85
Equity dividends paid		(161,500)	(80,000)
Net cash from financing activities		(417,544)	(230,214)
Increase in cash and cash equivalents		62,474	44,866
Cash and cash equivalents at beginning of year	2	44,866	-
Cash and cash equivalents at end of year	2	107,340	44,866

The notes form part of these financial statements

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	YEAR ENDED 31/12/18 £	PERIOD 27/10/16 TO 31/12/17 £
Loss before taxation	(1,027,754)	(432,742)
Depreciation charges	1,335,598	968,267
Finance costs	285,012	167,364
Finance income	-	(2)
	<u>592,856</u>	<u>702,887</u>
Decrease in stocks	1,966	1,128
Decrease/(increase) in trade and other debtors	54,772	(183,767)
Increase/(decrease) in trade and other creditors	<u>285,454</u>	<u>(4,479)</u>
Cash generated from operations	<u><u>935,048</u></u>	<u><u>515,769</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2018

	31/12/18 £	1/1/18 £
Cash and cash equivalents	<u>107,340</u>	<u>44,866</u>

Period ended 31 December 2017

	31/12/17 £	27/10/16 £
Cash and cash equivalents	<u>44,866</u>	<u>-</u>

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

1. STATUTORY INFORMATION

BGAM Hotels KW Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The group trades from its property in Kenilworth, Warwick.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

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

Basis of consolidation

The group accounts consolidated the affairs of BGAM Hotels (KW) Limited and all its subsidiary undertakings drawn to 31 December each year. The subsidiary accounts have been included in the group figures under the acquisition method of accounting.

Turnover

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

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

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2017, is being amortised evenly over its estimated useful life of five years.

Intangible assets

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

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

Tangible fixed assets

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

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

3. EMPLOYEES AND DIRECTORS

	YEAR ENDED 31/12/18 £	PERIOD 27/10/16 TO 31/12/17 £
Wages and salaries	839,896	789,319
Social security costs	40,514	40,009
Other pension costs	5,681	2,990
	<u>886,091</u>	<u>832,318</u>

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

3. EMPLOYEES AND DIRECTORS - continued

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

	YEAR ENDED 31/12/18	PERIOD 27/10/16 TO 31/12/17
Staff	73	70
Directors	<u>6</u>	<u>6</u>
	<u>79</u>	<u>76</u>

	YEAR ENDED 31/12/18 £	PERIOD 27/10/16 TO 31/12/17 £
Directors' remuneration	<u>-</u>	<u>-</u>

4. OPERATING LOSS

The operating loss is stated after charging:

	YEAR ENDED 31/12/18 £	PERIOD 27/10/16 TO 31/12/17 £
Hire of plant and machinery	31,393	32,420
Depreciation - owned assets	271,855	169,710
Goodwill amortisation	1,060,744	795,558
Patents and licences amortisation	3,000	3,000
Auditors' remuneration - company	3,000	3,000
Auditors' remuneration - subsidiaries	9,200	9,800
Auditors' remuneration - other non-audit services	146	10,740
Formation costs	<u>-</u>	<u>600</u>

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	YEAR ENDED 31/12/18 £	PERIOD 27/10/16 TO 31/12/17 £
Loan interest payable	231,483	167,364
Other interest	3,313	-
Hire purchase	<u>50,216</u>	<u>-</u>
	<u>285,012</u>	<u>167,364</u>

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

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

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

	YEAR ENDED 31/12/18 £	PERIOD 27/10/16 TO 31/12/17 £
Current tax:		
UK corporation tax	2,878	93,709
Deferred tax	25,100	(5,798)
Tax on loss	<u>27,978</u>	<u>87,911</u>

Reconciliation of total tax charge included in profit and loss

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

	YEAR ENDED 31/12/18 £	PERIOD 27/10/16 TO 31/12/17 £
Loss before tax	<u>(1,027,754)</u>	<u>(432,742)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19%)	(195,273)	(82,221)
Effects of:		
Expenses not deductible for tax purposes	223,251	165,697
Change in tax rates	-	4,435
Total tax charge	<u>27,978</u>	<u>87,911</u>

7. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements.

8. DIVIDENDS

	YEAR ENDED 31/12/18 £	PERIOD 27/10/16 TO 31/12/17 £
"A" Ordinary shares of 1p each		
Interim	<u>161,500</u>	<u>80,000</u>

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

9. INTANGIBLE FIXED ASSETS

Group

	Goodwill £	Patents and licences £	Totals £
COST			
At 1 January 2018 and 31 December 2018	5,303,719	30,000	5,333,719
AMORTISATION			
At 1 January 2018	795,558	12,000	807,558
Amortisation for year	1,060,744	3,000	1,063,744
At 31 December 2018	1,856,302	15,000	1,871,302
NET BOOK VALUE			
At 31 December 2018	3,447,417	15,000	3,462,417
At 31 December 2017	4,508,161	18,000	4,526,161

10. TANGIBLE FIXED ASSETS

Group

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

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

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

11. FIXED ASSET INVESTMENTS

Company

Shares in
group
undertakings
£

COST

At 1 January 2018
and 31 December 2018

6,117,176

NET BOOK VALUE

At 31 December 2018

6,117,176

At 31 December 2017

6,117,176

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiary

Khanna Enterprises (Kenilworth) Limited

Registered office: Greenhill House, 90/93 Cowcross Street, London EC1M 6BF

Nature of business: Hotel

	%
Class of shares:	holding
Ordinary	100.00

The company acquired the entire issued share capital of Khanna Enterprises (Kenilworth) Limited on 21 March 2017. A proportion of the purchase price was attributed to repaying the company's existing financing liabilities at that time, with the majority representing the cost of shares acquired.

From this date the subsidiary's financial affairs have been consolidated into the group figures in full.

12. STOCKS

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

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	Company	
	2018	2017	2018
	£	£	£
Trade debtors	98,889	127,885	-
Amounts owed by group undertakings	-	-	3,687,413
Other debtors	8,834	30,802	-
Prepayments	76,568	80,376	50,375
	<u>184,291</u>	<u>239,063</u>	<u>3,737,788</u>
			<u>3,916,283</u>

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

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Bank loans and overdrafts (see note 16)	221,600	175,500	221,691	175,500
Finance leases (see note 17)	128,417	-	-	-
Trade creditors	139,152	115,617	-	-
Tax	84,645	208,221	-	-
Social security and other taxes	200,410	86,544	-	-
Other creditors	3,827,473	3,667,918	3,611,801	3,611,801
Directors' current accounts	199,999	199,999	199,999	199,999
Accrued expenses	48,951	60,453	8,500	7,900
	<u>4,850,647</u>	<u>4,514,252</u>	<u>4,041,991</u>	<u>3,995,200</u>

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Bank loans (see note 16)	5,811,109	6,024,500	5,811,109	6,024,500
Finance leases (see note 17)	335,513	-	-	-
	<u>6,146,622</u>	<u>6,024,500</u>	<u>5,811,109</u>	<u>6,024,500</u>

16. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank overdrafts	-	-	91	-
Bank loans	221,600	175,500	221,600	175,500
	<u>221,600</u>	<u>175,500</u>	<u>221,691</u>	<u>175,500</u>
Amounts falling due between two and five years:				
Bank loans	5,811,109	6,024,500	5,811,109	6,024,500
	<u>5,811,109</u>	<u>6,024,500</u>	<u>5,811,109</u>	<u>6,024,500</u>

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

17. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

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

18. SECURED DEBTS

The following secured debts are included within creditors:

	Group	
	2018	2017
	£	£
Bank loans	6,032,709	6,200,000
Finance leases	463,930	-
	<u>6,496,639</u>	<u>6,200,000</u>

The company's bankers hold legal charges over its investments in its subsidiary plus further charges over the subsidiary's property and franchise agreements in support of the company's secured debts. These charges were released when the debt was repaid in April 2019.

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

19. PROVISIONS FOR LIABILITIES

	Group	
	2018	2017
	£	£
Deferred tax	<u>63,500</u>	<u>38,400</u>

Group

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

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

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

20. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2018 £	2017 £
Number:	Class:			
3,800	"A" Ordinary	1p	<u>38</u>	<u>38</u>

21. RESERVES

Group

	Retained earnings £
At 1 January 2018	(600,653)
Deficit for the year	(1,055,732)
Dividends	<u>(161,500)</u>
At 31 December 2018	<u><u>(1,817,885)</u></u>

Company

	Retained earnings £
At 1 January 2018	13,730
Profit for the year	149,596
Dividends	<u>(161,500)</u>
At 31 December 2018	<u><u>1,826</u></u>

22. PENSION COMMITMENTS

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

23. RELATED PARTY DISCLOSURES

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

The group also utilises management services provided by another company under common control. During the year the total costs arising for these management services amounted to £104,330 (2017 - £nil).

At the balance sheet date, the group owed £3,721,801 to other companies under the control of various directors and their immediate family (2017 - £3,611,801).

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

24. GOING CONCERN

The consolidated income statement reports a loss for the year of £1,055,732 (2017 - £520,653) and the consolidated balance sheet a deficiency of net assets amounting to £1,817,847 (2017 - £600,615). The directors do not consider these reported results to be indicative of a going concern issue however, as the underlying individual companies' balance sheets both report modest surpluses. The consolidated financial deficit is a result of the overarching financial reporting position and does not represent an inability to finance the group's liabilities as they fall due.

The financial statements are therefore drawn up under the historical cost convention and on a going concern basis.