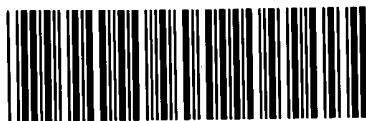


**REGISTERED NUMBER: 03914051 (England and Wales)**

**SPEARMINT RHINO VENTURES (UK) LIMITED**  
**REPORT OF THE DIRECTORS AND**  
**CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

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**SPEARMINT RHINO VENTURES (UK) LIMITED**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**DIRECTORS:**

Mr J R Specht  
Ms K Vercher

**SECRETARY:**

Spearmint Rhino Secretarial Services Limited

**REGISTERED OFFICE:**

161 Tottenham Court Road  
London  
W1T 7NN

**REGISTERED NUMBER:**

03914051 (England and Wales)

**AUDITORS:**

Wilkins Kennedy LLP  
Chartered Accountants  
Statutory Auditor  
Gladstone House  
77-79 High Street  
Egham  
Surrey  
TW20 9HY

# **SPEARMINT RHINO VENTURES (UK) LIMITED**

## **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2016**

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2016.

### **DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2016 to the date of this report.

Mr J R Specht  
Ms K Vercher

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

### **AUDITORS**

Wilkins Kennedy LLP were appointed as auditors to the company and group after the year end and will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

### **ON BEHALF OF THE BOARD:**



Mr J R Specht - Director

Date:

7/9/17

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SPEARMINT RHINO VENTURES (UK) LIMITED**

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We have audited the financial statements of Spearmint Rhino Ventures (UK) Limited for the year ended 31 December 2016, which comprise the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity and the related notes. 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in 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.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page two, 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 FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2016 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

In our opinion, based on the work undertaken in the course of the audit the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Report of the Directors has been prepared in accordance with applicable legislation.

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
SPEARMINT RHINO VENTURES (UK) LIMITED**

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**Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Group Strategic Report or in preparing the Report of the Directors.

*Wilkins Kennedy LLP*

Paul Creasey (Senior Statutory Auditor)  
for and on behalf of Wilkins Kennedy LLP  
Chartered Accountants  
Statutory Auditor  
Gladstone House  
77-79 High Street  
Egham  
Surrey  
TW20 9HY

Date: *8 September 2017*

**SPEARMINT RHINO VENTURES (UK) LIMITED**

**CONSOLIDATED INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2016**

|   | Notes | 2016<br>£                 | 2015<br>as<br>restated<br>£ |
|---|-------|---------------------------|-----------------------------|
| <b>TURNOVER</b>                                 |       | <b>5,453,859</b>          | 6,299,748                   |
| Cost of sales                                   |       | <u>(2,666,188)</u>        | <u>(2,978,027)</u>          |
| <b>GROSS PROFIT</b>                             |       | <b>2,787,671</b>          | 3,321,721                   |
| Administrative expenses                         |       | <u>(4,004,678)</u>        | <u>(2,820,111)</u>          |
|   |       | <b>(1,217,007)</b>        | 501,610                     |
| Other operating income                          |       | 17,950                    | 90,280                      |
| Gain/loss on revaluation of investment property |       | <u>125,000</u>            | -                           |
| <b>OPERATING (LOSS)/PROFIT</b>                  |       | <b>(1,074,057)</b>        | 591,890                     |
| Sale of operation                               | 4     | <u>-</u>                  | <u>46,012</u>               |
|   |       | <b>(1,074,057)</b>        | 637,902                     |
| Interest receivable and similar income          |       | <u>1,706</u>              | <u>735</u>                  |
|   |       | <b>(1,072,351)</b>        | 638,637                     |
| Interest payable and similar expenses           |       | <u>(173,832)</u>          | <u>(813,222)</u>            |
| <b>LOSS BEFORE TAXATION</b>                     |       | <b>(1,246,183)</b>        | (174,585)                   |
| Tax on loss                                     |       | <u>(20,710)</u>           | <u>13,813</u>               |
| <b>LOSS FOR THE FINANCIAL YEAR</b>              |       | <u><b>(1,266,893)</b></u> | <u>(160,772)</u>            |

The notes form part of these financial statements

**CONSOLIDATED BALANCE SHEET**  
**31 DECEMBER 2016**

|  |       | 2016               | 2015<br>as<br>restated<br>£ |
|--|-------|--------------------|-----------------------------|
|  | Notes | £                  |                             |
| <b>FIXED ASSETS</b>                          |       |                    |                             |
| Intangible assets                            | 7     | 4,990              | 33,286                      |
| Tangible assets                              | 8     | 2,359,342          | 2,488,623                   |
| Investments                                  | 9     | -                  | -                           |
| Investment property                          | 10    | 500,000            | 375,000                     |
|  |       | <u>2,864,332</u>   | <u>2,896,909</u>            |
| <b>CURRENT ASSETS</b>                        |       |                    |                             |
| Stocks                                       |       | 69,714             | 59,670                      |
| Debtors                                      | 11    | 390,380            | 417,570                     |
| Cash at bank and in hand                     |       | 216,482            | 835,819                     |
|  |       | <u>676,576</u>     | <u>1,313,059</u>            |
| <b>CREDITORS</b>                             |       |                    |                             |
| Amounts falling due within one year          | 12    | (5,995,871)        | (4,987,350)                 |
| <b>NET CURRENT LIABILITIES</b>               |       | <u>(5,319,295)</u> | <u>(3,674,291)</u>          |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> |       | <u>(2,454,963)</u> | <u>(777,382)</u>            |
| <b>CREDITORS</b>                             |       |                    |                             |
| Amounts falling due after more than one year | 13    | -                  | (438,650)                   |
| <b>PROVISIONS FOR LIABILITIES</b>            |       | <u>(164,224)</u>   | <u>(153,795)</u>            |
| <b>NET LIABILITIES</b>                       |       | <u>(2,619,187)</u> | <u>(1,369,827)</u>          |
| <b>CAPITAL AND RESERVES</b>                  |       |                    |                             |
| Called up share capital                      |       | 1,000              | 1,000                       |
| Revaluation reserve                          | 14    | 1,714,933          | 1,630,826                   |
| Capital redemption reserve                   |       | 600,000            | 600,000                     |
| Retained earnings                            |       | (4,935,120)        | (3,601,653)                 |
|  |       | <u>(2,619,187)</u> | <u>(1,369,827)</u>          |


The notes form part of these financial statements

**CONSOLIDATED BALANCE SHEET - continued**  
**31 DECEMBER 2016**

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The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the Board of Directors on 7/9/17 and were signed on its behalf by:

  
.....  
Mr J R Specht - Director

The notes form part of these financial statements



**COMPANY BALANCE SHEET**  
**31 DECEMBER 2016**

|  |       | 2016                      | 2015<br>as<br>restated<br>£ |
|--|-------|---------------------------|-----------------------------|
|  | Notes | £                         |                             |
| <b>FIXED ASSETS</b>                          |       |                           |                             |
| Intangible assets                            | 7     | -                         | -                           |
| Tangible assets                              | 8     | -                         | 159                         |
| Investments                                  | 9     | 50,616                    | 50,616                      |
| Investment property                          | 10    | 500,000                   | 375,000                     |
|  |       | <u>550,616</u>            | <u>425,775</u>              |
| <b>CURRENT ASSETS</b>                        |       |                           |                             |
| Debtors                                      | 11    | 3,126,358                 | 3,084,455                   |
| Cash at bank                                 |       | 4,107                     | 53,394                      |
|  |       | <u>3,130,465</u>          | <u>3,137,849</u>            |
| <b>CREDITORS</b>                             |       |                           |                             |
| Amounts falling due within one year          | 12    | (6,764,673)               | (5,254,907)                 |
| <b>NET CURRENT LIABILITIES</b>               |       | <u>(3,634,208)</u>        | <u>(2,117,058)</u>          |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> |       | <u>(3,083,592)</u>        | <u>(1,691,283)</u>          |
| <b>PROVISIONS FOR LIABILITIES</b>            |       | <u>(20,144)</u>           | -                           |
| <b>NET LIABILITIES</b>                       |       | <u><u>(3,103,736)</u></u> | <u><u>(1,691,283)</u></u>   |
| <b>CAPITAL AND RESERVES</b>                  |       |                           |                             |
| Called up share capital                      |       | 1,000                     | 1,000                       |
| Revaluation reserve                          | 14    | 260,942                   | 166,306                     |
| Capital redemption reserve                   |       | 600,000                   | 600,000                     |
| Retained earnings                            |       | (3,965,678)               | (2,458,589)                 |
|  |       | <u>(3,103,736)</u>        | <u>(1,691,283)</u>          |
| Company's loss for the financial year        |       | <u><u>(1,412,453)</u></u> | <u><u>(1,025,208)</u></u>   |

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the Board of Directors on 7/9/17 and were signed on its behalf by:

  
 Mr J R Specht - Director

The notes form part of these financial statements

**SPEARMINT RHINO VENTURES (UK) LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016**

|                                    | <b>Called up<br/>share<br/>capital<br/>£</b> | <b>Retained<br/>earnings<br/>£</b> | <b>Revaluation<br/>reserve<br/>£</b> | <b>Capital<br/>redemption<br/>reserve<br/>£</b> | <b>Total<br/>equity<br/>£</b> |
|------------------------------------|--|------------------------------------|--------------------------------------|---|-------------------------------|
| <b>Balance at 1 January 2015</b>   | 1,000  | (3,491,065)                        | 1,842,017                            | -   | (1,648,048)                   |
| <b>Changes in equity</b>           |  |                                    |                                      |   |                               |
| Total comprehensive income         | -  | (110,588)                          | (211,191)                            | 600,000   | 278,221                       |
| <b>Balance at 31 December 2015</b> | <u>1,000</u>                                 | <u>(3,601,653)</u>                 | <u>1,630,826</u>                     | <u>600,000</u>                                  | <u>(1,369,827)</u>            |
| <b>Changes in equity</b>           |  |                                    |                                      |   |                               |
| Total comprehensive income         | -  | (1,333,467)                        | 84,107                               | -   | (1,249,360)                   |
| <b>Balance at 31 December 2016</b> | <u>1,000</u>                                 | <u>(4,935,120)</u>                 | <u>1,714,933</u>                     | <u>600,000</u>                                  | <u>(2,619,187)</u>            |

The notes form part of these financial statements

**SPEARMINT RHINO VENTURES (UK) LIMITED**

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016**

|                                    | <b>Called up<br/>share<br/>capital<br/>£</b> | <b>Retained<br/>earnings<br/>£</b> | <b>Revaluation<br/>reserve<br/>£</b> | <b>Capital<br/>redemption<br/>reserve<br/>£</b> | <b>Total<br/>equity<br/>£</b> |
|------------------------------------|--|------------------------------------|--------------------------------------|---|-------------------------------|
| <b>Balance at 1 January 2015</b>   | 1,000  | (1,433,381)                        | 166,306                              | -   | (1,266,075)                   |
| <b>Changes in equity</b>           |  |                                    |                                      |   |                               |
| Total comprehensive income         | -  | (1,025,208)                        | -                                    | 600,000   | (425,208)                     |
| <b>Balance at 31 December 2015</b> | <u>1,000</u>                                 | <u>(2,458,589)</u>                 | <u>166,306</u>                       | <u>600,000</u>                                  | <u>(1,691,283)</u>            |
| <b>Changes in equity</b>           |  |                                    |                                      |   |                               |
| Total comprehensive income         | -  | (1,507,089)                        | 94,636                               | -   | (1,412,453)                   |
| <b>Balance at 31 December 2016</b> | <u><u>1,000</u></u>                          | <u><u>(3,965,678)</u></u>          | <u><u>260,942</u></u>                | <u><u>600,000</u></u>                           | <u><u>(3,103,736)</u></u>     |

The notes form part of these financial statements

**SPEARMINT RHINO VENTURES (UK) LIMITED**

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2016**

|   |              | <b>2016</b>      | <b>2015<br/>as<br/>restated</b> |
|---|--------------|------------------|---------------------------------|
|   | <b>Notes</b> | <b>£</b>         | <b>£</b>                        |
| <b>Cash flows from operating activities</b>                 |              |                  |                                 |
| Cash generated from operations                              | 1            | <b>(296,188)</b> | 1,004,367                       |
| Interest paid   |              | <b>(173,832)</b> | (813,222)                       |
| Tax paid  |              | -                | (96,770)                        |
| Taxation refund   |              | <b>7,250</b>     | -                               |
| <b>Net cash from operating activities</b>                   |              | <b>(462,770)</b> | 94,375                          |
| <br><b>Cash flows from investing activities</b>             |              |                  |                                 |
| Purchase of tangible fixed assets                           |              | <b>(16,885)</b>  | (9,844)                         |
| Sale of tangible fixed assets                               |              | -                | 13,986                          |
| Interest received   |              | <b>1,706</b>     | 735                             |
| <b>Net cash from investing activities</b>                   |              | <b>(15,179)</b>  | 4,877                           |
| <br><b>Cash flows from financing activities</b>             |              |                  |                                 |
| Loan repayments in year                                     |              | <b>(141,388)</b> | (149,232)                       |
| Other loan repayments in year                               |              | -                | (365,480)                       |
| Capital contributions                                       |              | -                | 600,000                         |
| <b>Net cash from financing activities</b>                   |              | <b>(141,388)</b> | 85,288                          |
| <br><b>(Decrease)/increase in cash and cash equivalents</b> |              | <b>(619,337)</b> | 184,540                         |
| <b>Cash and cash equivalents at beginning of year</b>       | 2            | <b>835,819</b>   | 651,279                         |
| <br><b>Cash and cash equivalents at end of year</b>         | 2            | <b>216,482</b>   | 835,819                         |

The notes form part of these financial statements

**SPEARMINT RHINO VENTURES (UK) LIMITED**

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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

|  | <b>2016</b>        | <b>2015<br/>as<br/>restated</b> |
|--|--------------------|---------------------------------|
|  | <b>£</b>           | <b>£</b>                        |
| Loss before taxation                           | <b>(1,246,183)</b> | (174,585)                       |
| Depreciation charges                           | <b>146,166</b>     | 167,738                         |
| Gain on revaluation of fixed assets            | <b>(125,000)</b>   | -                               |
| Amortisation of intangible assets              | <b>28,296</b>      | 20,811                          |
| Increase in amounts to related parties         | <b>735,176</b>     | 494,811                         |
| Decrease in amounts from related parties       | <b>-</b>           | (249,393)                       |
| Finance costs                                  | <b>173,832</b>     | 813,222                         |
| Finance income                                 | <b>(1,706)</b>     | (735)                           |
|  | <b>(289,419)</b>   | 1,071,869                       |
| Increase in stocks                             | <b>(10,044)</b>    | (3,024)                         |
| Decrease/(increase) in trade and other debtors | <b>27,190</b>      | (11,617)                        |
| Decrease in trade and other creditors          | <b>(23,915)</b>    | (52,861)                        |
| <b>Cash generated from operations</b>          | <b>(296,188)</b>   | 1,004,367                       |

**2. CASH AND CASH EQUIVALENTS**

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

**Year ended 31 December 2016**

|                           | <b>31.12.16</b> | <b>1.1.16</b>  |
|---------------------------|-----------------|----------------|
|                           | <b>£</b>        | <b>£</b>       |
| Cash and cash equivalents | <b>216,482</b>  | <b>835,819</b> |

**Year ended 31 December 2015**

|                           | <b>31.12.15</b> | <b>1.1.15</b>  |
|---------------------------|-----------------|----------------|
|                           | <b>£</b>        | <b>£</b>       |
| Cash and cash equivalents | <b>835,819</b>  | <b>651,279</b> |

The notes form part of these financial statements

## **SPEARMINT RHINO VENTURES (UK) LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

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#### **1. STATUTORY INFORMATION**

Spearmint Rhino Ventures (UK) 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 General Information page.

#### **2. ACCOUNTING POLICIES**

##### **Basis of preparing the financial statements**

These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of 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 as modified by the revaluation of certain assets.

The principal activity of the group is the operation of nightclubs.

##### **Going concern**

At the balance sheet date the group is in a net liability position and has incurred a loss for the year. Spearmint Rhino Companies Worldwide Inc. and J Gray have expressed their intention to continue to support the group and on this basis the directors consider it appropriate to prepare the financial statements on a going concern basis.

On an operational level, the group relies upon the Entertainment licenses it holds remaining in place. The directors are confident that the licences will not be revoked in the foreseeable future. The financial statements do not include any adjustments that would result from the licences being revoked.

##### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the company and its subsidiaries controlled by the group. Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

##### **Business combinations and goodwill**

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree plus costs directly attributable to the business combination.

Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill. If the net fair value of the identifiable assets and liabilities exceeds the cost of the business combination the excess is recognised separately on the face of the consolidated statement of financial position immediately below goodwill.

##### **Significant judgements and estimates**

The preparation of financial statements requires management to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on a continuing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

## SPEARMINT RHINO VENTURES (UK) LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2016

#### 2. ACCOUNTING POLICIES - continued

##### Significant judgements and estimates (continued)

###### Investment property

The directors assess the fair value of the investment property where an external valuer has not performed a valuation. The key judgements involved are a review of the market rates and rental yields.

###### Deferred tax

Deferred tax assets are raised to the extent that it is probable that future taxable profits will be available against which the unused taxes losses and unused tax credits can be utilised.

###### **Turnover**

Turnover comprises revenue recognised by the group in respect of nightclub services and related goods supplied during the year, exclusive of Value Added Tax and trade discounts. Turnover is recognised on the date of supply.

###### **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.

###### **Tangible fixed assets**

Leasehold land and buildings are measured at the date of revaluation less subsequent amortisation and impairment losses. Revaluations are carried out regularly to ensure the carrying amounts do not materially differ from using the fair value at the date of the statement of financial position. Plant and Equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Any revaluation surplus is recognised in other comprehensive income, except to the extent that they reverse a revaluation decrease that was previously recognised in profit or loss, and this is recognised in profit or loss. Any revaluation gains are recognised in a separate revaluation reserve in equity and any revaluation decreases are recognised in other comprehensive income to the extent they reverse a previous revaluation increase in relation to the same asset, and are otherwise recognised in profit or loss.

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.

At each reporting date, property, plant and equipment are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of impairment is recognised immediately in profit or loss.

Depreciation has been computed to write off the cost of the property, plant and equipment over their useful expected lives using the following rates:

|                              |   |                                      |
|------------------------------|---|--------------------------------------|
| Long term leasehold property | - | over the remaining life of the lease |
| Motor vehicles               | - | 20% straight line                    |
| Fixtures & fittings          | - | 20% straight line                    |

## **SPEARMINT RHINO VENTURES (UK) LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2016**

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#### **2. ACCOUNTING POLICIES - continued**

##### **Investment property**

Investment property is carried at fair value determined by annually by external valuers and derived from the current market rates and investment property yields for comparable real estate or by the directors based on reasonable assumptions. No depreciation is provided. Changes in fair value are recognised in the Profit and loss account.

##### **Stocks**

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

##### **Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

##### **Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax amounts recognised in the revaluation reserve for tangible fixed assets have no tax impact. Transfers of gains and losses on investment properties from the profit and loss reserve to the revaluation reserve are net of deferred tax.

##### **Operating leases**

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term. Lease incentives are recognised over the lease term on a straight line basis.

##### **Pension costs and other post-retirement benefits**

The group operates a defined contribution plan for its employees. Contributions payable to the pension scheme are charged to the profit or loss in the period to which they relate.

##### **Trade and other receivables**

Trade and other receivables are measured at transaction price less any impairment unless the arrangement constitutes a financing transaction in which case the transaction is measured at the present value of the future receipts discounted at the prevailing market rate of interest. Loans are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method less any impairment.



**SPEARMINT RHINO VENTURES (UK) LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**2. ACCOUNTING POLICIES - continued**

**Trade and other payables**

Trade and other payables are measured at their transaction price unless the arrangement constitutes a financing transaction in which case the transaction is measured at present value of future payments discounted at prevailing market rate of interest. Other financial liabilities are initially measured at fair value net of their transaction costs. They are subsequently measured at amortised cost using the effective interest method.

**Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less.

**3. EMPLOYEES AND DIRECTORS**

The average number of employees during the year was 81 (2015 - 87).

The average number of employees by undertakings that are proportionately consolidated during the year was nil (2015 - nil).

**4. EXCEPTIONAL ITEMS**

|                   | <b>2016</b> | <b>2015<br/>as<br/>restated</b> |
|-------------------|-------------|---------------------------------|
|                   | <b>£</b>    | <b>£</b>                        |
| Sale of operation | -           | 46,012                          |

**5. INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME**

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

**6. PRIOR YEAR ADJUSTMENT**

The long leasehold property was held under the revaluation model under the previous GAAP. No deferred tax liability was recognised in the prior year financial statements. The deferred tax liability at 31 December 2015 is £161,006 and has been recognised via a prior year restatement with the corresponding entry in the revaluation reserve. The profit and loss reserve has not been impacted.

**SPEARMINT RHINO VENTURES (UK) LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**7. INTANGIBLE FIXED ASSETS**

| <b>Group</b>                              | <b>Goodwill<br/>£</b> |
|---|-----------------------|
| <b>COST</b>                               |                       |
| At 1 January 2016<br>and 31 December 2016 | <b>1,936,201</b>      |
| <b>AMORTISATION</b>                       |                       |
| At 1 January 2016                         | <b>1,902,915</b>      |
| Charge for year                           | <b>28,296</b>         |
| At 31 December 2016                       | <b>1,931,211</b>      |
| <b>NET BOOK VALUE</b>                     |                       |
| At 31 December 2016                       | <b>4,990</b>          |
| At 31 December 2015                       | <b>33,286</b>         |

**8. TANGIBLE FIXED ASSETS**

| <b>Group</b>          | <b>Long<br/>leasehold<br/>£</b> | <b>Fixtures<br/>and<br/>fittings<br/>£</b> | <b>Motor<br/>vehicles<br/>£</b> | <b>Totals<br/>£</b> |
|-----------------------|---------------------------------|--|---------------------------------|---------------------|
| <b>COST</b>           |                                 |  |                                 |                     |
| At 1 January 2016     | <b>3,412,668</b>                | <b>3,702,302</b>                           | <b>44,289</b>                   | <b>7,159,259</b>    |
| Additions             | <b>-</b>                        | <b>16,885</b>                              | <b>-</b>                        | <b>16,885</b>       |
| At 31 December 2016   | <b>3,412,668</b>                | <b>3,719,187</b>                           | <b>44,289</b>                   | <b>7,176,144</b>    |
| <b>DEPRECIATION</b>   |                                 |  |                                 |                     |
| At 1 January 2016     | <b>1,193,158</b>                | <b>3,433,189</b>                           | <b>44,289</b>                   | <b>4,670,636</b>    |
| Charge for year       | <b>41,291</b>                   | <b>104,875</b>                             | <b>-</b>                        | <b>146,166</b>      |
| At 31 December 2016   | <b>1,234,449</b>                | <b>3,538,064</b>                           | <b>44,289</b>                   | <b>4,816,802</b>    |
| <b>NET BOOK VALUE</b> |                                 |  |                                 |                     |
| At 31 December 2016   | <b>2,178,219</b>                | <b>181,123</b>                             | <b>-</b>                        | <b>2,359,342</b>    |
| At 31 December 2015   | <b>2,219,510</b>                | <b>269,113</b>                             | <b>-</b>                        | <b>2,488,623</b>    |

Included in land and buildings is £2,600,000 in relation to a leasehold property that was revalued on 9 November 2009 by Jim Heskin MRICS, Jones Lang LaSalle Licensed Leisure and Hotels on an open market existing use basis.

The revaluation under the previous GAAP was taken as deemed cost on the transition to FRS 102 in the year ended 31 December 2015.

**SPEARMINT RHINO VENTURES (UK) LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**8. TANGIBLE FIXED ASSETS - continued**

**Company**

|   | <b>Fixtures<br/>and<br/>fittings<br/>£</b> | <b>Motor<br/>vehicles<br/>£</b> | <b>Totals<br/>£</b> |
|---|--|---------------------------------|---------------------|
| <b>COST</b>                               |  |                                 |                     |
| At 1 January 2016<br>and 31 December 2016 | <u>261,244</u>                             | <u>13,799</u>                   | <u>275,043</u>      |
| <b>DEPRECIATION</b>                       |  |                                 |                     |
| At 1 January 2016                         | 261,085                                    | 13,799                          | 274,884             |
| Charge for year                           | <u>159</u>                                 | <u>-</u>                        | <u>159</u>          |
| At 31 December 2016                       | <u>261,244</u>                             | <u>13,799</u>                   | <u>275,043</u>      |
| <b>NET BOOK VALUE</b>                     |  |                                 |                     |
| At 31 December 2016                       | <u>-</u>                                   | <u>-</u>                        | <u>-</u>            |
| At 31 December 2015                       | <u>159</u>                                 | <u>-</u>                        | <u>159</u>          |

**9. FIXED ASSET INVESTMENTS**

**Company**

|   | <b>Shares in<br/>group<br/>undertakings<br/>£</b> |
|---|---|
| <b>COST</b>                               |   |
| At 1 January 2016<br>and 31 December 2016 | <u>50,616</u>                                     |
| <b>NET BOOK VALUE</b>                     |   |
| At 31 December 2016                       | <u>50,616</u>                                     |
| At 31 December 2015                       | <u>50,616</u>                                     |

**SPEARMINT RHINO VENTURES (UK) LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**9. FIXED ASSET INVESTMENTS - continued**

The following were subsidiary undertakings of the company.

| <b>Name</b>                                    | <b>Class of Shares</b> | <b>Holding</b> | <b>Principal activity</b>    |
|--|------------------------|----------------|------------------------------|
| Spearmint Rhino Companies (Europe) Limited     | <b>Ordinary</b>        | 100 %          | Operation of a nightclub     |
| Spearmint Rhino Companies (Birmingham) Limited | <b>Ordinary</b>        | 100 %          | Operation of a nightclub     |
| Sassy Productions Limited                      | <b>Ordinary</b>        | 100 %          | Operation of a nightclub     |
| Sonfield Developments Limited                  | <b>Ordinary</b>        | 100 %          | Operation of a nightclub     |
| SR Leicestershire Limited                      | <b>Ordinary</b>        | 100 %          | Intermediate holding company |
| Bacchus Limited                                | <b>Ordinary</b>        | 100%           | Operation of a nightclub     |
| RKW Limited                                    | <b>Ordinary</b>        | 100 %          | Not trading                  |

**10. INVESTMENT PROPERTY**

**Group**

|                       | <b>Total<br/>£</b> |
|-----------------------|--------------------|
| <b>FAIR VALUE</b>     |                    |
| At 1 January 2016     | <b>375,000</b>     |
| Revaluations          | <b>125,000</b>     |
|                       | <hr/>              |
| At 31 December 2016   | <b>500,000</b>     |
|                       | <hr/>              |
| <b>NET BOOK VALUE</b> |                    |
| At 31 December 2016   | <b>500,000</b>     |
|                       | <hr/>              |
| At 31 December 2015   | <b>375,000</b>     |
|                       | <hr/>              |

Cost or valuation at 31 December 2016 is represented by:

|                   | <b>£</b>       |
|-------------------|----------------|
| Valuation in 2008 | <b>166,306</b> |
| Valuation in 2016 | <b>125,000</b> |
| Cost              | <b>208,694</b> |
|                   | <hr/>          |
|                   | <b>500,000</b> |
|                   | <hr/>          |

The 2016 valuations were made by the directors, on an open market value for existing use basis.

**SPEARMINT RHINO VENTURES (UK) LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**10. INVESTMENT PROPERTY - continued**

**Company**

|                       | <b>Total<br/>£</b> |
|-----------------------|--------------------|
| <b>FAIR VALUE</b>     |                    |
| At 1 January 2016     | <b>375,000</b>     |
| Revaluations          | <b>125,000</b>     |
|                       | <hr/>              |
| At 31 December 2016   | <b>500,000</b>     |
|                       | <hr/>              |
| <b>NET BOOK VALUE</b> |                    |
| At 31 December 2016   | <b>500,000</b>     |
|                       | <hr/>              |
| At 31 December 2015   | <b>375,000</b>     |
|                       | <hr/>              |

Cost or valuation at 31 December 2016 is represented by:

|                   | <b>£</b>       |
|-------------------|----------------|
| Valuation in 2008 | <b>166,306</b> |
| Valuation in 2016 | <b>125,000</b> |
| Cost              | <b>208,694</b> |
|                   | <hr/>          |
|                   | <b>500,000</b> |
|                   | <hr/>          |

**11. DEBTORS**

|   | <b>Group</b>   |                                 | <b>Company</b>   |                                 |
|---|----------------|---------------------------------|------------------|---------------------------------|
|   | <b>2016</b>    | <b>2015<br/>as<br/>restated</b> | <b>2016</b>      | <b>2015<br/>as<br/>restated</b> |
|   | <b>£</b>       | <b>£</b>                        | <b>£</b>         | <b>£</b>                        |
| Amounts falling due within one year:          |                |                                 |                  |                                 |
| Trade debtors                                 | <b>80,248</b>  | 66,704                          | <b>4,101</b>     | 24,000                          |
| Amounts owed by group undertakings            | -              | -                               | <b>3,110,967</b> | 3,019,093                       |
| Other debtors                                 | <b>5,926</b>   | 23,107                          | -                | 14,874                          |
| Corporation tax recoverable                   | <b>7,676</b>   | 7,676                           | <b>7,676</b>     | 7,676                           |
| VAT   | <b>1,838</b>   | -                               | <b>1,838</b>     | -                               |
| Deferred tax asset                            | -              | -                               | -                | 17,242                          |
| Prepayments                                   | <b>164,692</b> | 190,083                         | <b>1,776</b>     | 1,570                           |
|   | <hr/>          | <hr/>                           | <hr/>            | <hr/>                           |
|   | <b>260,380</b> | 287,570                         | <b>3,126,358</b> | 3,084,455                       |
|   | <hr/>          | <hr/>                           | <hr/>            | <hr/>                           |
| Amounts falling due after more than one year: |                |                                 |                  |                                 |
| Other debtors                                 | <b>130,000</b> | 130,000                         | -                | -                               |
|   | <hr/>          | <hr/>                           | <hr/>            | <hr/>                           |
| Aggregate amounts                             | <b>390,380</b> | 417,570                         | <b>3,126,358</b> | 3,084,455                       |
|   | <hr/>          | <hr/>                           | <hr/>            | <hr/>                           |

**SPEARMINT RHINO VENTURES (UK) LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

|                                    | <b>Group</b>            |                                 | <b>Company</b>          |                                 |
|------------------------------------|-------------------------|---------------------------------|-------------------------|---------------------------------|
|                                    | <b>2016</b>             | <b>2015<br/>as<br/>restated</b> | <b>2016</b>             | <b>2015<br/>as<br/>restated</b> |
|                                    | <b>£</b>                | <b>£</b>                        | <b>£</b>                | <b>£</b>                        |
| Bank loans and overdrafts          | <b>446,114</b>          | 148,852                         | -                       | 14,305                          |
| Trade creditors                    | <b>405,133</b>          | 282,398                         | <b>6,460</b>            | 13,760                          |
| Amounts owed to group undertakings | -                       | -                               | <b>2,739,659</b>        | 2,014,730                       |
| Amounts owed to related parties    | <b>4,845,635</b>        | 4,110,459                       | <b>3,988,180</b>        | 3,188,622                       |
| Corporation tax                    | <b>1,614</b>            | 40,505                          | -                       | -                               |
| Other taxes and social security    | <b>185,834</b>          | 260,545                         | <b>21,914</b>           | 23,490                          |
| Other creditors                    | <b>64,541</b>           | 142,591                         | -                       | -                               |
| Accruals and deferred income       | <b>47,000</b>           | 2,000                           | <b>8,460</b>            | -                               |
|                                    | <u><b>5,995,871</b></u> | <u>4,987,350</u>                | <u><b>6,764,673</b></u> | <u>5,254,907</u>                |

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

|                        | <b>Group</b> |                                 |
|------------------------|--------------|---------------------------------|
|                        | <b>2016</b>  | <b>2015<br/>as<br/>restated</b> |
|                        | <b>£</b>     | <b>£</b>                        |
| Bank loans - 2-5 years | -            | 438,650                         |

**14. RESERVES**

|                             | <b>Retained earnings</b> | <b>Revaluation reserve</b> | <b>Capital contribution reserve</b> | <b>Totals</b>      |
|-----------------------------|--------------------------|----------------------------|-------------------------------------|--------------------|
|                             | <b>£</b>                 | <b>£</b>                   | <b>£</b>                            | <b>£</b>           |
| At 1 January 2016           | (3,601,653)              | 1,791,832                  | 600,000                             | (1,209,821)        |
| Prior year restatement      | -                        | (161,006)                  | -                                   | (161,006)          |
|                             | <u>(3,601,653)</u>       | <u>1,630,826</u>           | <u>600,000</u>                      | <u>(1,370,827)</u> |
| Loss for the year           | (1,266,636)              | -                          | -                                   | (1,266,636)        |
| Transfer between reserves   | (66,574)                 | 66,574                     | -                                   | -                  |
| Deferred tax on revaluation | -                        | 17,533                     | -                                   | 17,533             |
|                             | <u>(4,934,863)</u>       | <u>1,714,933</u>           | <u>600,000</u>                      | <u>(2,619,930)</u> |

The transfer between reserves is made up of the following items:

|   | <b>£</b>        |
|---|-----------------|
| Gain-on-investment property                           | (125,000)       |
| Deferred tax movement on investment property          | 30,364          |
| Transfer of excess depreciation on leasehold property | 28,062          |
|   | <u>(66,574)</u> |

**SPEARMINT RHINO VENTURES (UK) LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**15. RELATED PARTY DISCLOSURES**

At the balance sheet date, the company owed £32,964 (2015 - debtor £14,874) to J Gray, the ultimate controlling party.

Directors' remuneration totalled £107,500 (2015 - £92,308).

There was £304,000 (2015 - £304,000) paid to a participating interest in the group.