The Hospitality Group UK Limited

Registered number 02265821

Directors' report and financial statements

For the year ended 30 September 2012



THE HOSPITALITY GROUP UK LIMITED

COMPANY INFORMATION

Director	M P Studd K Mallon
Company secretary	M P Studd
Registered number	02265821
Registered office	101 Finsbury Pavement London EC2A 1RS
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor Tower Bridge House St Katharine's Way London E1W 1DD

THE HOSPITALITY GROUP UK LIMITED

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THE HOSPITALITY GROUP UK LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2012

The directors present their report and the financial statements for the year ended 30 September 2012

Principal activity

The principal activity of the company was that of the management and organisation of corporate hospitality at sporting events

Key performance indicators

The directors consider the key performance indicators of the company to be number of attendees per event and number of events held

Business review

Turnover has decreased by 20% (2011 increased by 94%) The gross profit margin has decreased from 28% to a gross loss of 19 8%

Results

The loss for the year, after taxation, amounted to £1,964,324 (2011 - loss £83,519)

Directors

The directors who served since the start of the year were

M P Studd
J Symonds (appointed 1 March 2012 & resigned 9 November 2012)
M Pitcher (appointed 9 November 2012 & resigned 15 March 2013)
K Mallon (appointed 15 March 2013)

Risk and uncertainties

The directors consider the key risks and uncertainties to be
- the decreasing demand for events as a result of the difficult market conditions and reductions in corporate spending, and
- the ability to replace and create new events and continue to generate revenues and maintain margins

Financial risk management

The company is exposed to a variety of financial risks that include credit risks, interest rate risk, foreign exchange risk and liquidity risk

Credit risk
The company has exposure to credit risk in relation to its trade debtor and intercompany debtor balances The risks are mitigated by credit checks on trade debtors, and guarantees from the ultimate parent company and controlling shareholder

Interest rate risk
The company has no material interest bearing assets or liabilities

Foreign exchange risk
The company is exposed to fluctuations in the exchange rates against Sterling It is the company's policy not to take out instruments to hedge against exchange rate movements

Liquidity risk
Liquidity is managed on a group wide basis for all companies in the Marcus Evans Investments Limited group The company is dependent upon continued funding by the ultimate parent company and its controlling shareholder

Future developments

The company specialises in organising corporate hospitality for premier international sporting events, and to deliver the ultimate in prestigious and luxurious corporate occasions We aim to provide and maintain the highest level of service and best experience to our clients

Provision of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information

Directors' responsibilities statement

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

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Auditor

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

This report was approved by the board and signed on its behalf

M P Studd
Director

Date 5 December 2013

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE HOSPITALITY GROUP UK LIMITED

We have audited the financial statements of The Hospitality Group UK Limited for the year ended 30 September 2012 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards and applicable law (United Kingdom Generally Accepted Accounting Practice)

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement set out on page 2, 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 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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www frc org uk/auditscopeukprivate

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 September 2012 and of its 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

Opinion on the other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE HOSPITALITY GROUP UK LIMITED

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

William Neale Bussey (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

Tower Bridge House
St Katharine's Way
London
E1W 1DD

Date 6 DECEMBER 2017

THE HOSPITALITY GROUP UK LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2012

	Note	2012 £	2011 £
Turnover	1,2	3,275,578	4,083,241
Cost of sales		(3,907,630)	(2,934,178)
Gross (loss)/profit		(632,052)	1,149,063
Administrative expenses		(1,332,263)	(1,232,454)
Operating loss	3	(1,964,315)	(83,391)
Interest payable and similar charges		(9)	(128)
Loss on ordinary activities before taxation		(1,964,324)	(83,519)
Tax on loss on ordinary activities	5	-	-
Loss for the financial year	10	(1,964,324)	(83,519)

All amounts relate to continuing operations

There were no recognised gains and losses other than those included in the profit and loss account

The notes on pages 9 to 18 form part of these financial statements

THE HOSPITALITY GROUP UK LIMITED
Registered number 02265821

BALANCE SHEET
AS AT 30 SEPTEMBER 2012

	Note	£	2012 £	£	2011 £
Fixed assets					
Tangible assets	6		4,196		8,392
Current assets					
Debtors	7	15,660,951		12,348,901	
Cash at bank		8,428		79,685	
		15,669,379		12,428,586	
Creditors amounts falling due within one year	8	(20,865,405)		(15,664,484)	
Net current liabilities			(5,196,026)		(3,235,898)
Net liabilities			(5,191,830)		(3,227,506)
Capital and reserves					
Called up share capital	9		100		100
Profit and loss account	10		(5,191,930)		(3,227,606)
Shareholders' deficit	11		(5,191,830)		(3,227,506)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
5 December 2013

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M P Studd
Director

The notes on pages 9 to 18 form part of these financial statements

THE HOSPITALITY GROUP UK LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2012

	Note	2012 £	2011 £
Net cash flow from operating activities	13	(71,248)	71,768
Returns on investments and servicing of finance	14	(9)	(128)
(Decrease)/ increase in cash in the year		(71,257)	71,640

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 30 SEPTEMBER 2012

	2012 £	2011 £
(Decrease)/ increase in cash in the year	(71,257)	71,640
Movement in net funds in the year	(71,257)	71,640
Net funds at 1 October 2011	79,685	8,045
Net funds at 30 September 2012	8,428	79,685

The notes on pages 9 to 18 form part of these financial statements

1 Accounting policies

1 1 Basis of preparation of financial statements

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

1 2 Going concern

The financial statements have been prepared on a going concern basis The company has incurred losses in the current and prior year, has net current liabilities and net liabilities, and is dependent upon its ultimate parent company and/or controlling shareholder for funding While the directors expect the company to achieve profitability in the future, the company will remain dependent upon this funding until such a time as it has generated enough cash through profitable trading to enable it to meet its liabilities as and when they fall due The ultimate parent company and controlling shareholder have each confirmed to the directors their current intention to continue to provide funding to enable the company to meet its liabilities as they fall due for the foreseeable future, and the directors have therefore prepared the financial statements on a going concern basis

Should such funding from the ultimate parent company and/or controlling shareholder not be forthcoming, the going concern basis of preparation may no longer be appropriate, and significant adjustments maybe required to these financial statements

1 3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts

Revenue in respect of the company's principal activity, being the management and organisation of corporate hospitality at sporting events, is recognised at event completion until which point amounts invoiced are recorded as deferred income

1 4 Event related expenses

Directly attributable event expenses are recognised in the year in which the event has been completed Expenses that relate to an event taking place in the subsequent financial year but paid prior to the year end are recorded as prepayments in the balance sheet

1 5 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

Race horses	-	20% straight line basis

1 6 Impairment

At the balance sheet date, the company reviews the carrying value of its assets to determine whether there is any indication that those assets have suffered an impairment loss

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any) If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount An impairment loss is recognised as an expense immediately

1 Accounting policies (continued)

1 7 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

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

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

Deferred tax assets and liabilities are not discounted

1 8 Foreign currency translation

Monetary assets and liabilities denominated in currencies other than Sterling are translated into Sterling at rates of exchange ruling at the balance sheet date Transactions in currencies other than Sterling are translated into Sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the profit and loss account

2 Turnover

The company has taken advantage of the exemption to disclose the analysis of turnover by geographical market on the basis that it is prejudicial to the company's interests as provided by the Companies Act 2006 and SI2008 No 410

3 Operating loss

The operating loss is stated after charging

	2012 £	2011 £
Depreciation of tangible fixed assets		
- owned by the company	4,196	4,195
Operating lease rentals		
- operating leases recharged from other group companies	411,481	203,921
Difference on foreign exchange	(164,795)	(21,293)
Loss of disposal on tangible fixed assets	-	15,741

During the year, the directors did not receive any emoluments in respect of service to the company (2011 - £NIL)

The auditor's remuneration was borne by the group company, Marcus Evans Limited, a company registered in England and Wales

4 Staff costs

Staff costs were as follows

	2012 £	2011 £
Wages and salaries	1,035,981	667,831
Commission	1,595,083	780,275
Social security costs	306,882	205,198
Total	2,937,946	1,653,304

Commissions paid during the year, and which have been deferred as an event related expense, amount to £208,329 (2011 £131,719) These amounts are included in the breakdown of staff costs above, but are not included in profit and loss account for the year During the year, commission of £131,719 (2011 £198,821) has been recognised in the profit and loss account, relating to commissions paid in previous years for events for which the revenue has been recognised during the year

The average monthly number of employees, including the director, during the year was as follows

	2012 No	2011 No
Management and Administration	3	3
Operations and production	7	4
Sales	58	53
Total	68	60

5 Taxation

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2011 - higher than) the standard rate of corporation tax in the UK of 25% (2011 - 26%) The differences are explained below

	2012 £	2011 £
Loss on ordinary activities before tax	(1,964,324)	(83,519)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (2011 - 26%)	(491,081)	(21,715)
Effects of		
Expenses not deductible for tax purposes	1,049	21,604
Capital allowances for the year in excess of depreciation	(2,669)	(4,618)
Tax losses carried forward	492,701	4,729
Current tax charge for the year	-	-

Factors that may affect future tax charges

The corporation tax rate was reduced from 26% to 24% on 1 April 2012 Thus the average corporation tax rate for the year ended 30 September 2012 is 25%

Further reductions to the corporation tax rates have been proposed in the draft Finance Bill 2013 published on 11 December 2012 Within this Bill it was proposed to reduce the corporation tax rate to 21% from 1 April 2014 However, as the 21% rate has not been enacted by the Balance Sheet date, it has not been reflected in these accounts

The company has estimated tax losses of approximately £3,540,000 (2011 £1,930,000) available to carry forward against future trading profits The company also has a deferred tax asset in respect of depreciation in advance of capital allowances of approximately £15,000 A deferred tax asset has not been recognised, in accordance with the company's accounting policy

6 Tangible fixed assets

	Race horses £
Cost	
At 1 October 2011 and 30 September 2012	28,293
Depreciation	
At 1 October 2011	19,901
Charge for the year	4,196
At 30 September 2012	24,097
Net book value	
At 30 September 2012	4,196
At 30 September 2011	8,392

7 Debtors

	2012 £	2011 £
Trade debtors	731,817	701,511
Amounts owed by group undertakings	14,657,430	9,132,007
Other debtors	-	586,867
Prepayments and accrued income	271,704	1,928,516
	15,660,951	12,348,901

8 Creditors
Amounts falling due within one year

	2012 £	2011 £
Trade creditors	175,310	1,577,922
Amounts owed to group undertakings	18,788,133	12,838,485
Social security and other taxes	276,963	164,226
Accruals and deferred income	1,624,999	1,083,851
	20,865,405	15,664,484

9 Share capital

	2012 £	2011 £
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	100	100

10 Reserves

	Profit and loss account £
At 1 October 2011	(3,227,606)
Loss for the year	(1,964,324)
At 30 September 2012	(5,191,930)

11 Reconciliation of movement in shareholders' deficit

	2012 £	2011 £
Opening shareholders' deficit	(3,227,506)	(3,143,987)
Loss for the year	(1,964,324)	(83,519)
Closing shareholders' deficit	(5,191,830)	(3,227,506)

12 Financial commitments

The company is party to a composite agreement held with Barclays Bank Plc between the company, Marcus Evans Limited and Marcus Evans (UK Holdings) Limited The agreement requires that any debt to the bank arising upon the bankruptcy of any of the named parties to the agreement shall be fully covered by the other named parties At the balance sheet date the total indebtedness to its bankers under this arrangement was £nil (2011 £nil) As disclosed in note 1 2, the ultimate parent company and ultimate controlling party have confirmed their current intention to provide funding to enable the company to meet its liabilities as they fall due

13 Net cash flow from operating activities

	2012 £	2011 £
Operating loss	(1,964,315)	(83,391)
Depreciation of tangible fixed assets	4,196	4,195
Loss on disposal of tangible fixed assets	-	15,741
Increase in debtors	(3,312,050)	(6,056,605)
Increase in creditors	5,200,921	6,191,828
Net cash (outflow)/inflow from operating activities	(71,248)	71,768

14 Analysis of cash flows for headings netted in cash flow statement

	2012 £	2011 £
Returns on investments and servicing of finance		
Interest paid	(9)	(128)

15 Analysis of changes in net funds

	1 October 2011	Cash flow	Other non-cash changes	30 September 2012
	£	£	£	£
Cash at bank and in hand	79,685	(71,257)	-	8,428
Net funds	79,685	(71,257)	-	8,428

16 Related party transactions

The company is a part of an international network of companies, under common ownership and control of Mr M P B Evans, organising hospitality and conference events

Included in debtors is £14,657,430 (2011 £9,132,007), due from related group undertakings The balances represent group intercompany transactions, including the transfer of funds between the entities required to finance their trading activities

Included in creditors is £18,788,133 (2011 £12,838,485) due to related group undertakings The balances represent the company transactions, including the transfer of funds between the entities required to finance their trading activities

Amount due from related parties included within debtors

	2012 £	2011 £
Marcus Evans Limited (registered in Barbados)	87,100	76,528
Marcus Evans Inc (registered in United States of America)	2,349,561	1,844,112
Marcus Evans (CR) Limited (registered in England and Wales)	57,960	46,296
Marcus Evans (Espana) Limited (registered in England and Wales)	136,219	136,219
THG Poland Limited (registered in England and Wales)	137,700	45,501
Marcus Evans (Middle East) Limited (registered in England and Wales)	433,935	488,956
Marcus Evans (Germany) Limited (registered in England and Wales)	602,826	463,053
Marcus Evans (Brasil) Promocoes (registered in Brazil)	2,433	2,433
THG International Limited (registered in Barbados)	8,674,808	4,518,974
Marcus Evans (Europe) Limited (registered in Cyprus)	7,881	-
Marcus Evans (Europe) Limited (registered in Ireland)	135,815	70,948
THG Limited (registered in Barbados)	-	-
Marcus Evans (Aviation) Limited (registered in England & Wales)	183,904	112,352
THG Sports Tours Limited (registered in Ireland)	16,071	11,984
Marcus Evans Investments Limited (registered in Bermuda)	1,484,396	1,207,717
Marcus Evans (Turkey) Limited (registered in Turkey)	3,103	667
Ken McReddie Associates Ltd (registered in England and Wales)	56,540	-
THG International Holdings Limited (registered in Bermuda)	9,464	-
Marcus Evans (Hindustan) Limited (registered in India)	30,643	-
Marcus Evans (SA) Limited (registered in England and Wales)	51,117	-
Marcus Evans (Italia) Limited (registered in England and Wales)	45,831	37,655
Marcus Evans (Esp) Limited (registered in England and Wales)	61,445	-
Marcus Evans (ANZ) Limited (registered in England and Wales)	69,671	-
Marcus Evans (South Africa) Pty Limited (registered in South Africa)	19,007	68,612
	14,657,430	9,132,007

16 **Related party transactions (continued)**

Amount due to related parties included within creditors	**2012** £	**2011** £
Marcus Evans Limited (registered in England and Wales)	11,321,948	8,632,197
Marcus Evans (Scandinavia) Limited (registered in England and Wales)	128,863	104,507
Marcus Evans (NL) Limited (registered in England and Wales)	75,826	71,871
Marcus Evans (UK Holdings) Limited (registered in England and Wales)	1,150,804	835,446
Marcus Evans (Ukraine) Limited	2,232	2,355
Linguarama Limited (registered in England and Wales)	3,610	3,610
THG Hospitality Limited (registered in Ireland)	1,410,798	1,152,893
Marcus Evans FZ LLC (registered in Dubai)	11,485	8,624
Marcus Evans Finance BV (registered in Holland)	3,929,862	1,335,380
Trewarthenick Farms Limited (registered in England and Wales)	752,705	691,602
	18,788,133	12,838,485

The turnover for the year includes production and cost of sale recharges, salary recharges and sales commission of £1,962,342 (2011 £2,144,706) and expenses includes production and cost of sale recharges of £402,979 (2011 £664,808) The breakdowns of these balances are shown below

Amounts included in turnover	**2012** £	**2011** £
THG International Limited (registered in Barbados)	1,174,024	670,974
Marcus Evans Limited (registered in Barbados)	-	211,333
Marcus Evans (Italia) Limited (registered in England and Wales)	-	45,863
Marcus Evans (Germany) Limited (registered in England and Wales)	89,108	72,810
Marcus Evans (Espana) Limited (registered in England and Wales)	36,054	52,051
Marcus Evans (Esp) Limited (registered in England and Wales)	19,704	-
THG Poland Limited (registered in England And Wales)	137,700	6,228
Marcus Evans Inc (registered in United States of America)	505,752	1,085,447
	1,962,342	2,144,706

16 Related party transactions (continued)

Amounts included in cost of sales	2012 £	2011 £
Marcus Evans (Espana) Limited (registered in England and Wales)	9,412	15,843
Marcus Evans (Ukraine) Limited (registered in England and Wales)	-	1,680
Marcus Evans (Germany) Limited (registered in England and Wales)	7,877	1,409
Marcus Evans (NL) Limited (registered in England and Wales)	9,340	11,973
Marcus Evans (Scandinavia) Limited (registered in England and Wales)	23,243	27,691
Marcus Evans (CR) Limited (registered in England and Wales)	5,455	3,898
THG Hospitality Limited (registered in Ireland)	344,487	555,943
Trewarthenick Farms Limited (registered in England and Wales)	-	46,371
Marcus Evans FZ LLC (registered in Dubai)	3,165	-
	402,979	664,808

Amounts included within administrative expenses	2012 £	2011 £
Marcus Evans (UK Holdings) Limited (registered in England and Wales)	207,084	276,486

17 Control

The company's immediate parent company is Marcus Evans Holdings Limited, a company registered in Bermuda

The company's ultimate parent company is Marcus Evans Investments Limited, a company incorporated in Bermuda

The ultimate controlling party is Mr M P B Evans by virtue of his interest in the entire issued share capital of Marcus Evans Investments Limited