

**COMPANY REGISTRATION NUMBER: 08760430**

**TOPLAND HOTELS (NO.14) LIMITED**  
**FINANCIAL STATEMENTS**  
**31 MAY 2017**

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# **TOPLAND HOTELS (NO.14) LIMITED**

## **FINANCIAL STATEMENTS**

**Year ended 31 May 2017**

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# **TOPLAND HOTELS (NO.14) LIMITED**

## **STRATEGIC REPORT**

**Year ended 31 May 2017**

### **Review of the business**

The company operates as a hotelier. The directors believe the following key business indicators are most relevant of the company due to its size and activities: Turnover for the year was £38,106,013 (2016: £38,396,026), Gross profit was 59% (2016: 62%) with operating profit before exceptional items of £243,105 (2016: £4,427,266).

The portfolio's revenues were broadly flat year on year reflecting growth in the better performing assets and, primarily, a continuing decline in the Aberdeen hotel which continues to suffer from corporates reducing spend due to lower oil prices and a significant increase in new rooms from competitors. The portfolio's profitability declined as a result of factors outside the control of the group being the introduction of the national living wage, increases in utility costs and business rate increases across the board.

The overall objectives of the business are to grow profitability by growing revenue through enhancing its reputation and guest experience and by capitalising on integrated platform efficiencies. Detailed objectives to support this strategy are developed on an annual basis and reviewed regularly.

### **Principal risks and uncertainties**

The main risks to the company are the normal risks attached to any business in the hotel and leisure industry, such as a general downturn in general operating conditions in the UK hotel industry and new hotel openings close to its existing sites.

### **Financial risk management objectives and policies**

The company's principal financial assets are bank balances and cash, trade and other receivables.

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The company's principal financial assets are bank balances and cash, trade and other receivables.

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The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

# **TOPLAND HOTELS (NO.14) LIMITED**

## **STRATEGIC REPORT** *(continued)*

**Year ended 31 May 2017**

This report was approved by the board of directors on .....26/2/2018..... and signed on behalf of the board by:



Mrs C F Moharm  
Company Secretary

# **TOPLAND HOTELS (NO.14) LIMITED**

## **DIRECTORS' REPORT**

### **Year ended 31 May 2017**

The directors present their report and the financial statements of the company for the year ended 31 May 2017.

#### **Directors**

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

Mr M S Kingston

Mr S Zakay

Mr L J Benjamin

Mr S L G Wilson

(Appointed 27 March 2017)

#### **Dividends**

The directors do not recommend the payment of a dividend.

#### **Employment of disabled persons**

The company gives full consideration to applications from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

#### **Employee involvement**

During the year, the policy of providing employees with information about the company has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the company's performance. During the year, the policy of providing employees with information about the company has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the company's performance.

#### **Disclosure of information in the strategic report**

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 we set out in the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The strategic report also contains matters otherwise required by regulations made under section 416(4) to be disclosed in the directors' report as the directors consider these are of strategic importance to the company. In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 we set out in the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The strategic report also contains matters otherwise required by regulations made under section 416(4) to be disclosed in the directors' report as the directors consider these are of strategic importance to the company.

#### **Directors' responsibilities statement**

The directors are responsible for preparing the strategic report, 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 the profit or loss of the company for that period.

# **TOPLAND HOTELS (NO.14) LIMITED**

## **DIRECTORS' REPORT** *(continued)*

**Year ended 31 May 2017**

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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

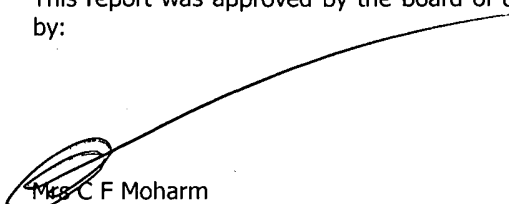
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies 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.

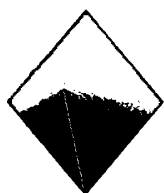
### **Auditor**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board of directors on 26/2/2018 and signed on behalf of the board by:

  
Mrs C F Moharm  
Company Secretary



**KILSBY  
WILLIAMS**  
Chartered Accountants

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TOPLAND HOTELS (NO.14) LIMITED**

### **Year ended 31 May 2017**

We have audited the financial statements of Topland Hotels (No.14) Limited for the year ended 31 May 2017 which comprise the profit and loss account, balance sheet, statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 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 an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

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

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the strategic report and the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

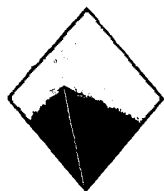
### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

In our opinion the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.



**KILSBY  
WILLIAMS**  
Chartered Accountants

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TOPLAND HOTELS  
(NO.14) LIMITED *(continued)***

**Year ended 31 May 2017**

**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.

27<sup>th</sup> February 2018

Simon Tee (Senior Statutory Auditor)

For and on behalf of  
Kilsby & Williams LLP  
Chartered Accountants & statutory auditor  
Cedar House  
Hazell Drive  
Newport  
NP10 8FY

# TOPLAND HOTELS (NO.14) LIMITED

## PROFIT AND LOSS ACCOUNT

Year ended 31 May 2017

|                                                                     | Note      | 2017<br>£    | 2016<br>£    |
|---------------------------------------------------------------------|-----------|--------------|--------------|
| <b>TURNOVER</b>                                                     | <b>4</b>  | 38,106,013   | 38,396,026   |
| Cost of sales                                                       |           | (15,592,159) | (14,420,905) |
| <b>GROSS PROFIT</b>                                                 |           | 22,513,854   | 23,975,121   |
| Administrative expenses                                             |           | (22,270,749) | (20,398,087) |
| <b>OPERATING PROFIT</b>                                             | <b>5</b>  | 243,105      | 3,577,034    |
| Interest receivable                                                 | <b>8</b>  | –            | 1,631        |
| Interest payable                                                    | <b>9</b>  | (33,687)     | –            |
| <b>PROFIT BEFORE TAXATION</b>                                       |           | 209,418      | 3,578,665    |
| Taxation on ordinary activities                                     | <b>10</b> | 41,165       | 18,142       |
| <b>PROFIT FOR THE FINANCIAL YEAR AND TOTAL COMPREHENSIVE INCOME</b> |           | 250,583      | 3,596,807    |
| <b>RETAINED EARNINGS AT THE START OF THE YEAR</b>                   |           | 11,886,619   | 8,289,812    |
| <b>RETAINED EARNINGS AT THE END OF THE YEAR</b>                     |           | 12,137,202   | 11,886,619   |

All the activities of the company are from continuing operations.

The notes on pages 10 to 20 form part of these financial statements.

# TOPLAND HOTELS (NO.14) LIMITED

## BALANCE SHEET

31 May 2017

|                                                       | Note | 2017<br>£    | 2016<br>£    |
|-------------------------------------------------------|------|--------------|--------------|
| <b>FIXED ASSETS</b>                                   |      |              |              |
| Tangible assets                                       | 11   | 246,468      | 111,410      |
| <b>CURRENT ASSETS</b>                                 |      |              |              |
| Stocks                                                | 12   | 288,798      | 306,235      |
| Debtors                                               | 13   | 45,207,251   | 25,481,898   |
| Cash at bank and in hand                              |      | 536,614      | 1,305,746    |
|                                                       |      | 46,032,663   | 27,093,879   |
| <b>CREDITORS: amounts falling due within one year</b> | 14   | (34,140,929) | (15,335,812) |
| <b>NET CURRENT ASSETS</b>                             |      | 11,891,734   | 11,758,067   |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>          |      | 12,138,202   | 11,869,477   |
| <b>PROVISIONS</b>                                     | 15   | -            | 18,142       |
| <b>NET ASSETS</b>                                     |      | 12,138,202   | 11,887,619   |
| <b>CAPITAL AND RESERVES</b>                           |      |              |              |
| Called up share capital                               | 19   | 1,000        | 1,000        |
| Profit and loss account                               | 20   | 12,137,202   | 11,886,619   |
| <b>SHAREHOLDERS FUNDS</b>                             |      | 12,138,202   | 11,887,619   |

These financial statements were approved by the board of directors and authorised for issue on 26/2/2018, and are signed on behalf of the board by:

  
Mr S Zakay  
Director

Company registration number: 08760430

The notes on pages 10 to 20 form part of these financial statements.

# **TOPLAND HOTELS (NO.14) LIMITED**

## **STATEMENT OF CASH FLOWS**

**Year ended 31 May 2017**

|                                                       | <b>2017</b>        | <b>2016</b>        |
|-------------------------------------------------------|--------------------|--------------------|
|                                                       | <b>£</b>           | <b>£</b>           |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>           |                    |                    |
| Profit for the financial year                         | 250,583            | 3,596,807          |
| <i>Adjustments for:</i>                               |                    |                    |
| Depreciation of tangible assets                       | 76,637             | 50,764             |
| Interest receivable                                   | –                  | (1,631)            |
| Interest payable                                      | 33,687             | –                  |
| Taxation on ordinary activities                       | (41,165)           | (18,142)           |
| <i>Changes in:</i>                                    |                    |                    |
| Stocks                                                | 17,437             | (10,757)           |
| Trade and other debtors                               | (329,077)          | 204,836            |
| Trade and other creditors                             | 796,654            | 794,099            |
| Cash generated from operations                        | 804,756            | 4,615,976          |
| Interest paid                                         | (33,687)           | –                  |
| Interest received                                     | –                  | 1,631              |
| Net cash from operating activities                    | <u>771,069</u>     | <u>4,617,607</u>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>           |                    |                    |
| Purchase of tangible assets                           | (211,695)          | (102,467)          |
| Net cash used in investing activities                 | <u>(211,695)</u>   | <u>(102,467)</u>   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>           |                    |                    |
| Cash movement in balances from group undertakings     | (1,328,506)        | (7,499,509)        |
| Net cash used in financing activities                 | <u>(1,328,506)</u> | <u>(7,499,509)</u> |
| <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>      | (769,132)          | (2,984,369)        |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b> | <u>1,305,746</u>   | <u>4,290,115</u>   |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>       | <u>536,614</u>     | <u>1,305,746</u>   |

The notes on pages 10 to 20 form part of these financial statements.

# **TOPLAND HOTELS (NO.14) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 May 2017**

### **1. GENERAL INFORMATION**

The company is a private company limited by shares and is incorporated and domiciled in England and Wales. The address of its registered office is 55 Baker Street, London, W1U 7EU.

### **2. STATEMENT OF COMPLIANCE**

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

### **3. ACCOUNTING POLICIES**

#### **Judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based upon experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### **Key sources of estimation uncertainty**

Accounting estimates and assumptions are made concerning the future and, by nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

#### **Useful economic life of tangible fixed assets**

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

#### **Provisions**

Provisions are included against bad debts and against slow moving or obsolete stock. Provision has also been made for bonuses payable to employees and commissions due to agents. These provisions require management's best estimate of the costs that will be incurred based upon contractual requirements, historical experience and current knowledge of the trading difficulties of customers and a review of stock movements following the year end.

# **TOPLAND HOTELS (NO.14) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS *(continued)***

**Year ended 31 May 2017**

### **3. ACCOUNTING POLICIES *(continued)***

#### **Turnover**

The turnover shown in the profit and loss account is derived from ordinary activities and represents the provision of goods sold and services provided in the financial year, exclusive of Value Added Tax.

Turnover from the sale of goods is recognised when the goods are supplied to the customer.

Turnover from the supply of services represents the provision of hotel rooms and other hotel services to guests. Revenue is recognised at the end of the financial day.

#### **Taxation**

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised 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 is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

#### **Operating leases**

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

#### **Tangible assets**

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

# TOPLAND HOTELS (NO.14) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 May 2017

### 3. ACCOUNTING POLICIES *(continued)*

#### Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

|                           |   |                   |
|---------------------------|---|-------------------|
| Motor vehicles            | - | 66% straight line |
| Office and golf equipment | - | 33% straight line |

#### Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

#### Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

#### Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the balance sheet and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

# **TOPLAND HOTELS (NO.14) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS *(continued)***

**Year ended 31 May 2017**

### **3. ACCOUNTING POLICIES *(continued)***

#### **Financial instruments**

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

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost, using the effective interest rate method.

The company's financial assets comprise trade debtors, amounts owed by related companies and cash at bank in the balance sheet. Management determines the classification of its financial assets at initial recognition.

Other debtors are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market.

Trade debtors, amounts owed by related companies and other debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Cash at bank comprises deposits with banks.

The company's liabilities comprise trade creditors, amounts due to related companies, hire purchase, VAT payable and other creditors, which are shown in notes 14 to 16 of the financial statements. Management determine the classification of its financial liabilities at initial recognition.

The company's financial liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate.

Trade creditors and amounts owed to related companies are obligations to pay for goods or services that have been acquired in the ordinary course of business.

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

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

#### **Defined contribution plans**

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

# TOPLAND HOTELS (NO.14) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 May 2017

### 3. ACCOUNTING POLICIES *(continued)*

#### Defined contribution plans *(continued)*

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

### 4. TURNOVER

Turnover arises from:

|               | 2017<br>£         | 2016<br>£         |
|---------------|-------------------|-------------------|
| Sale of goods | <u>38,106,013</u> | <u>38,396,026</u> |

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

### 5. OPERATING PROFIT

Operating profit or loss is stated after charging:

|                                        | 2017<br>£ | 2016<br>£      |
|----------------------------------------|-----------|----------------|
| Depreciation of tangible assets        | 76,637    | 50,764         |
| Impairment of trade debtors            | 24,788    | 24,228         |
| Cost of stock recognised as an expense | 3,919,949 | 3,885,538      |
| Other operating lease costs            | 4,362,231 | 4,529,243      |
| Exceptional administration expenses    | <u>–</u>  | <u>850,232</u> |

In the prior period exceptional administrative expenses relate to rebranding of the hotels as part of the Hallmark chain and associated restructuring costs.

### 6. AUDITOR'S REMUNERATION

|                                                                              | 2017<br>£     | 2016<br>£     |
|------------------------------------------------------------------------------|---------------|---------------|
| Fees payable for the audit of the financial statements                       | <u>19,800</u> | <u>19,800</u> |
| Fees payable to the company's auditor and its associates for other services: |               |               |
| Other non-audit services                                                     | <u>1,850</u>  | <u>1,850</u>  |

# TOPLAND HOTELS (NO.14) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 May 2017

### 7. PARTICULARS OF EMPLOYEES

The average number of persons employed by the company during the year, including the directors, amounted to:

|                   | 2017<br>No.  | 2016<br>No. |
|-------------------|--------------|-------------|
| Hotel staff       | 978          | 942         |
| Head office staff | 74           | 41          |
| Directors         | 4            | 4           |
|                   | <u>1,056</u> | <u>987</u>  |

The aggregate payroll costs incurred during the year, relating to the above, were:

|                       | 2017<br>£         | 2016<br>£         |
|-----------------------|-------------------|-------------------|
| Wages and salaries    | 14,647,586        | 12,781,533        |
| Social security costs | 1,043,059         | 876,218           |
| Other pension costs   | 20,463            | 17,454            |
|                       | <u>15,711,108</u> | <u>13,675,205</u> |

The company has no employees under contracts of service. The information in relation to the average employee numbers and aggregate payroll costs above relates to persons employed under sub-contract arrangements.

### 8. INTEREST RECEIVABLE

|                                       | 2017<br>£ | 2016<br>£    |
|---------------------------------------|-----------|--------------|
| Interest on cash and cash equivalents | <u>-</u>  | <u>1,631</u> |

### 9. INTEREST PAYABLE

|                                            | 2017<br>£     | 2016<br>£ |
|--------------------------------------------|---------------|-----------|
| Other interest payable and similar charges | <u>33,687</u> | <u>-</u>  |

### 10. TAXATION ON ORDINARY ACTIVITIES

#### Major components of tax income

|                                                | 2017<br>£       | 2016<br>£       |
|------------------------------------------------|-----------------|-----------------|
| <b>Deferred tax:</b>                           |                 |                 |
| Origination and reversal of timing differences | (41,165)        | (18,142)        |
| <b>Taxation on ordinary activities</b>         | <u>(41,165)</u> | <u>(18,142)</u> |

# TOPLAND HOTELS (NO.14) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 May 2017

### 10. TAXATION ON ORDINARY ACTIVITIES *(continued)*

#### Reconciliation of tax income

The tax assessed on the profit on ordinary activities for the year is lower than (2016: lower than) the standard rate of corporation tax in the UK of 19.83% (2016: 20%).

|                                                      | 2017<br>£ | 2016<br>£ |
|------------------------------------------------------|-----------|-----------|
| Profit on ordinary activities before taxation        | 209,418   | 3,578,665 |
| Profit on ordinary activities by rate of tax         | 41,528    | 715,733   |
| Adjustment to tax charge in respect of prior periods | (31,549)  | (4,939)   |
| Effect of expenses not deductible for tax purposes   | 3,995     | –         |
| Effect of different UK tax rates on some earnings    | 4,821     | 2,016     |
| Transfer pricing adjustments                         | 266,038   | 179,691   |
| Utilisation of group tax losses                      | (325,998) | (910,643) |
| Tax on profit                                        | (41,165)  | (18,142)  |

### 11. TANGIBLE ASSETS

|                        | Motor<br>vehicles<br>£ | Equipment<br>£ | Total<br>£     |
|------------------------|------------------------|----------------|----------------|
| <b>Cost</b>            |                        |                |                |
| At 1 June 2016         | 109,960                | 146,449        | 256,409        |
| Additions              | –                      | 211,695        | 211,695        |
| <b>At 31 May 2017</b>  | <u>109,960</u>         | <u>358,144</u> | <u>468,104</u> |
| <b>Depreciation</b>    |                        |                |                |
| At 1 June 2016         | 109,960                | 35,039         | 144,999        |
| Charge for the year    | –                      | 76,637         | 76,637         |
| <b>At 31 May 2017</b>  | <u>109,960</u>         | <u>111,676</u> | <u>221,636</u> |
| <b>Carrying amount</b> |                        |                |                |
| <b>At 31 May 2017</b>  | <u>–</u>               | <u>246,468</u> | <u>246,468</u> |
| At 31 May 2016         | <u>–</u>               | <u>111,410</u> | <u>111,410</u> |

### 12. STOCKS

|                | 2017<br>£      | 2016<br>£      |
|----------------|----------------|----------------|
| General stocks | <u>288,798</u> | <u>306,235</u> |

# TOPLAND HOTELS (NO.14) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 May 2017

### 13. DEBTORS

|                                    | 2017              | 2016              |
|------------------------------------|-------------------|-------------------|
|                                    | £                 | £                 |
| Trade debtors                      | 1,583,535         | 1,685,971         |
| Amounts owed by group undertakings | 40,726,365        | 21,363,878        |
| Deferred tax asset                 | 59,307            | –                 |
| Called up share capital not paid   | 1,000             | 1,000             |
| Prepayments and accrued income     | 2,053,326         | 1,930,195         |
| Other debtors                      | 783,718           | 500,854           |
|                                    | <u>45,207,251</u> | <u>25,481,898</u> |

Included in amounts owed by group undertakings are balances of £3,985,874 where those group companies do not currently have funds to pay. The directors are confident that these monies will be recoverable.

### 14. CREDITORS: amounts falling due within one year

|                                    | 2017              | 2016              |
|------------------------------------|-------------------|-------------------|
|                                    | £                 | £                 |
| Trade creditors                    | 2,877,254         | 2,338,357         |
| Amounts owed to group undertakings | 26,475,540        | 8,467,077         |
| Accruals and deferred income       | 2,533,844         | 1,907,669         |
| Social security and other taxes    | 350,440           | 311,469           |
| Other creditors                    | 1,903,851         | 2,311,240         |
|                                    | <u>34,140,929</u> | <u>15,335,812</u> |

### 15. PROVISIONS

|                       | Deferred tax<br>(note 16)<br>£ |
|-----------------------|--------------------------------|
| At 1 June 2016        | (18,142)                       |
| Additions             | 18,142                         |
| <b>At 31 May 2017</b> | <u>–</u>                       |

# TOPLAND HOTELS (NO.14) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 May 2017

### 16. DEFERRED TAX

The deferred tax included in the balance sheet is as follows:

|                                  | 2017<br>£     | 2016<br>£     |
|----------------------------------|---------------|---------------|
| Included in debtors (note 13)    | 59,307        | –             |
| Included in provisions (note 15) | –             | 18,142        |
|                                  | <u>59,307</u> | <u>18,142</u> |

The deferred tax account consists of the tax effect of timing differences in respect of:

|                                | 2017<br>£       | 2016<br>£       |
|--------------------------------|-----------------|-----------------|
| Accelerated capital allowances | <u>(59,307)</u> | <u>(18,142)</u> |

### 17. EMPLOYEE BENEFITS

#### Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £20,463 (2016: £17,454).

### 18. FINANCIAL INSTRUMENTS

The carrying amount for each category of financial instrument is as follows:

|                                                                              | 2017<br>£         | 2016<br>£         |
|------------------------------------------------------------------------------|-------------------|-------------------|
| <b>Financial assets that are debt instruments measured at amortised cost</b> |                   |                   |
| Financial assets that are debt instruments measured at amortised cost        | <u>43,094,619</u> | <u>23,551,703</u> |
| <b>Financial liabilities measured at amortised cost</b>                      |                   |                   |
| Financial liabilities measured at amortised cost                             | <u>34,140,930</u> | <u>13,336,414</u> |

### 19. CALLED UP SHARE CAPITAL

#### Issued, called up and fully paid

|                            | 2017         |              | 2016         |              |
|----------------------------|--------------|--------------|--------------|--------------|
|                            | No.          | £            | No.          | £            |
| Ordinary shares of £1 each | <u>1,000</u> | <u>1,000</u> | <u>1,000</u> | <u>1,000</u> |

### 20. RESERVES

Called up share capital - This represents the nominal value of shares that have been issued.

Profit and loss account - This includes all current and prior period retained profits and losses.

# TOPLAND HOTELS (NO.14) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 May 2017

### 21. CAPITAL COMMITMENTS

Capital expenditure contracted for but not provided for in the financial statements is as follows:

|                 | 2017   | 2016 |
|-----------------|--------|------|
|                 | £      | £    |
| Tangible assets | 92,391 | —    |

### 22. COMMITMENTS UNDER OPERATING LEASES

The total future minimum lease payments under non-cancellable operating leases are as follows:

|                                              | 2017       | 2016       |
|----------------------------------------------|------------|------------|
|                                              | £          | £          |
| Not later than 1 year                        | 4,261,000  | 4,261,000  |
| Later than 1 year and not later than 5 years | 16,957,000 | 17,044,000 |
| Later than 5 years                           | 69,712,500 | 73,937,500 |
|                                              | 90,930,500 | 95,242,500 |

### 23. CONTINGENCIES

The Company is a party to cross guarantees with Topland Hotels (No.1) to (No.12) (inclusive) Limited in respect of a group loan facility. The net indebtedness of the Group to the bank at 31 May 2017 amounted to £51,018,050. The directors do not expect any liability to arise from this.

The Company ultimately has obligations under finance leases in respect of golfing equipment included in the accounts of Hallmark Hotels (Barr Hill) Limited and Hallmark Hotels (Stratford) Limited. The total liability at 31 May 2017 amounted to £356,309. The directors do not expect any liability to arise from this.

### 24. RELATED PARTY TRANSACTIONS

The company discloses transactions with related parties which are not wholly owned within the same group. It does not disclose transactions with members of the same wholly owned group.

The company made the following purchases from related parties (related due to key management personnel) during the period:

|                               | 2017            | 2016            |
|-------------------------------|-----------------|-----------------|
|                               | Management fees | Management fees |
|                               | £               | £               |
| Bespoke Hotels Goldie Limited | 57,500          | 83,333          |

# **TOPLAND HOTELS (NO.14) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS *(continued)***

**Year ended 31 May 2017**

### **25. CONTROLLING PARTY**

In the opinion of the directors, the company's ultimate parent company and controlling party is Topland Group Holdings International Limited, a company registered in the British Virgin Islands.

The immediate parent undertaking is Browngrove Properties Limited, a company registered in Gibraltar.

The largest and smallest group in which the results of this company are consolidated is that headed by Topland Group Holdings Limited, a company registered in the British Virgin Islands.