

**BOLTON WHITES HOTEL LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**



# BOLTON WHITES HOTEL LIMITED

## COMPANY INFORMATION

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|                  |                            |  |
|------------------|----------------------------|--|
| <b>Directors</b> | K Anderson<br>D Holdsworth | (Appointed 10 March 2016)<br>(Appointed 10 March 2016) |
|------------------|----------------------------|--|

|                       |          |
|-----------------------|----------|
| <b>Company number</b> | 03674979 |
|-----------------------|----------|

|                          |   |
|--------------------------|---|
| <b>Registered office</b> | Macron Stadium<br>Burnden Way<br>Lostock<br>Bolton<br>BL6 6JW |
|--------------------------|---|

|                |  |
|----------------|--|
| <b>Auditor</b> | Cowgill Holloway LLP<br>Regency House<br>45-53 Chorley New Road<br>Bolton<br>Lancashire<br>BL1 4QR |
|----------------|--|

|                |   |
|----------------|---|
| <b>Bankers</b> | Natwest Bank Plc<br>23 Sankey Street<br>Warrington<br>WA1 1XH |
|----------------|---|

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# **BOLTON WHITES HOTEL LIMITED**

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# BOLTON WHITES HOTEL LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 30 JUNE 2016

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The directors present the strategic report for the year ended 30 June 2016.

#### Fair review of the business

Turnover for the company has fallen by £93,753 (1.29%) to £7,163,364 (2015: £7,257,117). Despite occupancy levels increasing from 76.8% to 80.5% the average room rate has decreased from £48.40 to £47.56.

During the year the company settled the National Westminster bank loan which has resulted in a credit to the profit and loss account totalling £405,878, including the deduction for legal fees. Minimal capital expenditure has been made in the year and additional funding of £5,500,000 has been received from Prescot Business Park Limited.

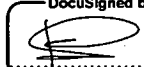
Key performance indicators are used to measure and evaluate the company performance and monitor various activities of the company on a monthly basis. The main key performance indicators employed in the company are:

|                                 |            |                    |
|---------------------------------|------------|--------------------|
| Revenue levels                  | £7,163,364 | (2015: £7,257,117) |
| Gross profit as a % of turnover | 50.89%     | (2015: 45.24%)     |
| Staff costs                     | £1,233,644 | (2015: £1,197,284) |
| Occupancy rates                 | 80.5%      | (2015: 76.8%)      |
| Average room rates              | £47.56     | (2015: £48.40)     |
| Revenue per available room      | £38.27     | (2015: £37.21)     |

#### Principal risks and uncertainties

The principal risk affecting the company is the funding requirement to enable future investment and to fund the working capital on an ongoing basis. To mitigate this risk the Group has obtained additional finance from Prescot Business Park Limited.

On behalf of the board

DocuSigned by:  
  
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K Anderson

Director

10 July 2017 | 12:15 PM BST

# **BOLTON WHITES HOTEL LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 30 JUNE 2016**

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The directors present their annual report and financial statements for the year ended 30 June 2016.

#### **Principal activities**

The principal activity of the company continued to be that of the operation of hotel accommodation, conference and leisure facilities, and matchday hospitality for Bolton Wanderers Football Club.

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

|              |                             |
|--------------|-----------------------------|
| K Anderson   | (Appointed 10 March 2016)   |
| D Holdsworth | (Appointed 10 March 2016)   |
| P A Gartside | (Deceased 10 February 2016) |
| A J Massey   | (Resigned 25 April 2016)    |
| R C Gee      | (Resigned 9 May 2016)       |

#### **Results and dividends**

The results for the year are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

#### **Auditor**

Cowgill Holloway LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

#### **Statement of directors' responsibilities**

The directors are responsible for preparing the annual 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 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 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.

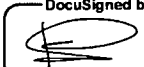
#### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

**BOLTON WHITES HOTEL LIMITED**  
**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2016**

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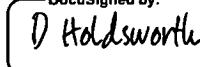
On behalf of the board

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**K Anderson**

**Director**

10 July 2017 | 12:15 PM BST  
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**D Holdsworth**

**Director**

07 July 2017 | 4:08 PM BST  
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**BOLTON WHITES HOTEL LIMITED**  
**INDEPENDENT AUDITOR'S REPORT**  
**TO THE MEMBERS OF BOLTON WHITES HOTEL LIMITED**

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We have audited the financial statements of Bolton Whites Hotel Limited for the year ended 30 June 2016 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows 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 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 FRC's Ethical Standard 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 annual 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.

**Basis of qualified opinion on financial statements**

The audit evidence available to us to confirm the appropriateness of preparing the financial statements on a going concern basis was limited because the Burnden Leisure Limited group of companies has not been able to substantiate any evidence that the group are able to continue to trade as a going concern. The group has significant levels of overdue indebtedness and has provided no detailed financial projections demonstrating its ability to continue as a going concern. The ability to continue as a going concern is dependent upon significant levels of investment and/or refinancing which has not currently been secured.

As a result of the above, and in the absence of any alternative evidence available to us, we have been unable to form an opinion as to the applicability of the going concern basis. As a result, we have issued a disclaimer of opinion on the financial statements.

**Disclaimer of opinion on financial statements**

Given the significance of the matter described in the basis for qualified opinion on financial statements above, we have not been able to obtain sufficient audit evidence to provide a basis for an audit opinion. Accordingly we do not express an opinion on the financial statements.

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

Notwithstanding our disclaimer of an opinion on the financial statements, 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.

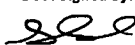
**BOLTON WHITES HOTEL LIMITED**  
**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**  
**TO THE MEMBERS OF BOLTON WHITES HOTEL LIMITED**

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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, 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.

DocuSigned by:  
  
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**Stuart Stead (Senior Statutory Auditor)**  
**for and on behalf of Cowgill Holloway LLP**

13 July 2017 | 1:26 PM BST  
.....

**Chartered Accountants**  
**Statutory Auditor**

Regency House  
45-53 Chorley New Road  
Bolton  
Lancashire  
BL1 4QR



**BOLTON WHITES HOTEL LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2016**

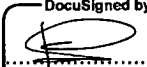
|   | Notes | 2016<br>£   | 2015<br>£   |
|---|-------|-------------|-------------|
| Turnover                                    | 3     | 7,163,364   | 7,257,117   |
| Cost of sales                               |       | (3,517,753) | (3,974,202) |
| <b>Gross profit</b>                         |       | 3,645,611   | 3,282,915   |
| Administrative expenses                     |       | (4,501,871) | (3,214,360) |
| Exceptional item                            | 4     | 405,878     | -           |
| <b>Operating (loss)/profit</b>              | 5     | (450,382)   | 68,555      |
| Interest payable and similar charges        | 7     | (192,109)   | (56,798)    |
| <b>(Loss)/profit before taxation</b>        |       | (642,491)   | 11,757      |
| Taxation                                    | 8     | -           | -           |
| <b>(Loss)/profit for the financial year</b> |       | (642,491)   | 11,757      |

The profit and loss account has been prepared on the basis that all operations are continuing operations.

**BOLTON WHITES HOTEL LIMITED****BALANCE SHEET****AS AT 30 JUNE 2016**

|  | Notes | 2016 |                         | 2015 |                         |
|--|-------|------|-------------------------|------|-------------------------|
|  |       | £    | £                       | £    | £                       |
| <b>Fixed assets</b>  |       |      |                         |      |                         |
| Tangible assets  | 9     |      | 10,353,288              |      | 10,540,360              |
| <b>Current assets</b>  |       |      |                         |      |                         |
| Stocks   | 11    |      | 269,168                 |      | 271,889                 |
| Debtors  | 12    |      | 1,316,314               |      | 832,171                 |
| Cash at bank and in hand                                       |       |      | 490,777                 |      | 452,526                 |
|  |       |      | <u>2,076,259</u>        |      | <u>1,556,586</u>        |
| <b>Creditors: amounts falling due within one year</b>          | 13    |      | <u>(6,890,805)</u>      |      | <u>(4,807,029)</u>      |
| <b>Net current liabilities</b>                                 |       |      | <u>(4,814,546)</u>      |      | <u>(3,250,443)</u>      |
| <b>Total assets less current liabilities</b>                   |       |      | <u>5,538,742</u>        |      | <u>7,289,917</u>        |
| <b>Creditors: amounts falling due after more than one year</b> | 14    |      | <u>(2,385)</u>          |      | <u>(1,111,069)</u>      |
| <b>Net assets</b>  |       |      | <u><u>5,536,357</u></u> |      | <u><u>6,178,848</u></u> |
| <b>Capital and reserves</b>                                    |       |      |                         |      |                         |
| Called up share capital  | 18    |      | 5,805,500               |      | 5,805,500               |
| Profit and loss reserves                                       |       |      | <u>(269,143)</u>        |      | <u>373,348</u>          |
| <b>Total equity</b>  |       |      | <u><u>5,536,357</u></u> |      | <u><u>6,178,848</u></u> |

The financial statements were approved by the board of directors and authorised for issue on 10 July 2017 | 12:15 PM B.S. and are signed on its behalf by:

DocuSigned by:  
  
 21850B411BAE4E0...  
 K Anderson  
 Director

DocuSigned by:  
  
 YAYCAZ2261C0Y4AE...  
 D Holdsworth  
 Director

Company Registration No. 03674979

**BOLTON WHITES HOTEL LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2016**

|  | Share<br>capital<br>£ | Profit and<br>loss<br>reserves<br>£ | Total<br>£ |
|--|-----------------------|-------------------------------------|------------|
| <b>Balance at 1 July 2014</b>                      | 5,805,500             | 361,591                             | 6,167,091  |
| <b>Year ended 30 June 2015:</b>                    |                       |                                     |            |
| Profit and total comprehensive income for the year | -                     | 11,757                              | 11,757     |
| <b>Balance at 30 June 2015</b>                     | 5,805,500             | 373,348                             | 6,178,848  |
| <b>Year ended 30 June 2016:</b>                    |                       |                                     |            |
| Loss and total comprehensive income for the year   | -                     | (642,491)                           | (642,491)  |
| <b>Balance at 30 June 2016</b>                     | 5,805,500             | (269,143)                           | 5,536,357  |

**BOLTON WHITES HOTEL LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

|   | Notes | 2016        |                    | 2015      |                  |
|---|-------|-------------|--------------------|-----------|------------------|
|   |       | £           | £                  | £         | £                |
| <b>Cash flows from operating activities</b>                   |       |             |                    |           |                  |
| Cash (absorbed by)/generated from operations                  | 21    |             | (4,008,046)        |           | 465,102          |
| Interest paid   |       |             | (192,109)          |           | (56,798)         |
| <b>Net cash (outflow)/inflow from operating activities</b>    |       |             | <b>(4,200,155)</b> |           | <b>408,304</b>   |
| <b>Investing activities</b>                                   |       |             |                    |           |                  |
| Purchase of tangible fixed assets                             |       | (12,910)    |                    | (95,182)  |                  |
| <b>Net cash used in investing activities</b>                  |       |             | <b>(12,910)</b>    |           | <b>(95,182)</b>  |
| <b>Financing activities</b>                                   |       |             |                    |           |                  |
| Proceeds from borrowings                                      |       | 5,500,000   |                    | -         |                  |
| Repayment of bank loans                                       |       | (1,095,570) |                    | (140,074) |                  |
| Payment of finance leases obligations                         |       | (13,114)    |                    | 29,806    |                  |
| <b>Net cash generated from/(used in) financing activities</b> |       |             | <b>4,391,316</b>   |           | <b>(110,268)</b> |
| <b>Net increase in cash and cash equivalents</b>              |       |             | <b>178,251</b>     |           | <b>202,854</b>   |
| Cash and cash equivalents at beginning of year                |       |             | 312,526            |           | 109,672          |
| <b>Cash and cash equivalents at end of year</b>               |       |             | <b>490,777</b>     |           | <b>312,526</b>   |
| <b>Relating to:</b>   |       |             |                    |           |                  |
| Cash at bank and in hand                                      |       |             | 490,777            |           | 452,526          |
| Bank overdrafts included in creditors payable within one year |       |             | -                  |           | (140,000)        |

# **BOLTON WHITES HOTEL LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 30 JUNE 2016**

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#### **1 Accounting policies**

##### **Company information**

Bolton Whites Hotel Limited is a company limited by shares incorporated in England and Wales. The registered office is Macron Stadium, Burnden Way, Lostock, Bolton, BL6 6JW.

##### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

These financial statements for the year ended 30 June 2016 are the first financial statements of Bolton Whites Hotel Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 July 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

##### **1.2 Going concern**

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

##### **1.3 Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Turnover is recognised for accommodation when the services are provided. Match day and event turnover is recognised when the events take place.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

**BOLTON WHITES HOTEL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2016**

---

**1 Accounting policies**

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

|                       |               |
|-----------------------|---------------|
| Hotel                 | 50 years      |
| Plant and equipment   | 3 to 10 years |
| Fixtures and fittings | 3 to 10 years |
| Computers             | 3 to 10 years |

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Residual value is calculated on prices prevailing at the date of acquisition.

**1.5 Impairment of fixed assets**

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible 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). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**1.6 Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

**BOLTON WHITES HOTEL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2016**

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**1. Accounting policies**

**1.7 Cash and cash equivalents**

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

**1.8 Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

**Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

**Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

**Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

# **BOLTON WHITES HOTEL LIMITED**

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

### **FOR THE YEAR ENDED 30 JUNE 2016**

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#### **1 Accounting policies**

##### ***Classification of financial liabilities***

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 company after deducting all of its liabilities.

##### ***Basic financial liabilities***

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### ***Other financial liabilities***

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

##### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

#### **1.9 Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### **1.10 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.11 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

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**BOLTON WHITES HOTEL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2016**

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**1 Accounting policies**

**1.12 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

**1.13 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

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

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated 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 an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

**3 Turnover and other revenue**

An analysis of the company's turnover is as follows:

|   | 2016             | 2015             |
|---|------------------|------------------|
|   | £                | £                |
| <b>Turnover</b>                                 | 7,163,364        | 7,257,117        |
|   | <u>7,163,364</u> | <u>7,257,117</u> |
| <b>Turnover analysed by geographical market</b> |                  |                  |
|   | 2016             | 2015             |
|   | £                | £                |
| United Kingdom                                  | 7,163,364        | 7,257,117        |
|   | <u>7,163,364</u> | <u>7,257,117</u> |

**BOLTON WHITES HOTEL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2016**

**4 Exceptional costs/(income)**

|                    | <b>2016</b>      | <b>2015</b> |
|--------------------|------------------|-------------|
|                    | <b>£</b>         | <b>£</b>    |
| Exceptional income | <u>(405,878)</u> | <u>-</u>    |

In February 2016, the company repaid the Natwest Bank loan and a result of the redemption £405,878 has been credited to the profit and loss account as an exceptional item.

**5 Operating (loss)/profit**

|   | <b>2016</b>      | <b>2015</b>    |
|---|------------------|----------------|
|   | <b>£</b>         | <b>£</b>       |
| Operating (loss)/profit for the year is stated after charging/(crediting):                |                  |                |
| Exchange losses   | 31               | -              |
| Fees payable to the company's auditor for the audit of the company's financial statements | 7,500            | 10,000         |
| Depreciation of owned tangible fixed assets   | 199,982          | 183,375        |
| Cost of stocks recognised as an expense   | 3,289,526        | 3,473,585      |
| Operating lease charges   | <u>1,216,832</u> | <u>389,535</u> |

**6 Employees**

The average monthly number of persons (including directors) employed by the company during the year was:

| <b>2016</b>   | <b>2015</b>   |
|---------------|---------------|
| <b>Number</b> | <b>Number</b> |
| <u>53</u>     | <u>60</u>     |

Their aggregate remuneration comprised:

|                       | <b>2016</b>      | <b>2015</b>      |
|-----------------------|------------------|------------------|
|                       | <b>£</b>         | <b>£</b>         |
| Wages and salaries    | 1,148,520        | 1,142,111        |
| Social security costs | 72,323           | 44,778           |
| Pension costs         | 12,801           | 10,395           |
|                       | <u>1,233,644</u> | <u>1,197,284</u> |

**BOLTON WHITES HOTEL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2016**

**7 Interest payable and similar charges**

|  | <b>2016</b>    | <b>2015</b>   |
|--|----------------|---------------|
|  | £              | £             |
| <b>Interest on financial liabilities measured at amortised cost:</b> |                |               |
| Interest on bank overdrafts, bank loans and other loans              | 188,239        | 52,928        |
| Interest on finance leases and hire purchase contracts               | 3,870          | 3,870         |
|  | <u>192,109</u> | <u>56,798</u> |

**8 Taxation**

The actual charge for the year can be reconciled to the expected (credit)/charge for the year based on the profit or loss and the standard rate of tax as follows:

|   | <b>2016</b>      | <b>2015</b>   |
|---|------------------|---------------|
|   | £                | £             |
| (Loss)/profit before taxation   | <u>(642,491)</u> | <u>11,757</u> |
| Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.75%) | (128,498)        | 2,440         |
| Tax effect of expenses that are not deductible in determining taxable profit                                  | 7,992            | 7,352         |
| Tax effect of utilisation of tax losses not previously recognised   | -                | (41,998)      |
| Unutilised tax losses carried forward   | 80,510           | -             |
| Permanent capital allowances in excess of depreciation  | 39,996           | 32,583        |
| Other non-reversing timing differences  | -                | (377)         |
| Taxation for the year   | <u>-</u>         | <u>-</u>      |

No current tax charge has arisen during the year due to the impact of the previous year and current period tax losses. At 30 June 2016, the company had trading tax losses to carry forward of £1,471,403 (2015: £1,068,885).

**BOLTON WHITES HOTEL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2016**

**9 Tangible fixed assets**

|                                    | Hotel<br>£       | Plant and<br>equipment<br>£ | Fixtures and<br>fittings<br>£ | Computers<br>£ | Total<br>£        |
|------------------------------------|------------------|-----------------------------|-------------------------------|----------------|-------------------|
| <b>Cost</b>                        |                  |                             |                               |                |                   |
| At 1 July 2015                     | 8,905,864        | 1,955,848                   | 764,152                       | 239,431        | 11,865,295        |
| Additions                          | -                | -                           | 12,910                        | -              | 12,910            |
| At 30 June 2016                    | <u>8,905,864</u> | <u>1,955,848</u>            | <u>777,062</u>                | <u>239,431</u> | <u>11,878,205</u> |
| <b>Depreciation and impairment</b> |                  |                             |                               |                |                   |
| At 1 July 2015                     | 482,585          | 191,079                     | 570,323                       | 80,948         | 1,324,935         |
| Depreciation charged in the year   | 33,654           | 26,137                      | 90,927                        | 49,264         | 199,982           |
| At 30 June 2016                    | <u>516,239</u>   | <u>217,216</u>              | <u>661,250</u>                | <u>130,212</u> | <u>1,524,917</u>  |
| <b>Carrying amount</b>             |                  |                             |                               |                |                   |
| At 30 June 2016                    | <u>8,389,625</u> | <u>1,738,632</u>            | <u>115,812</u>                | <u>109,219</u> | <u>10,353,288</u> |
| At 30 June 2015                    | <u>8,423,279</u> | <u>1,764,769</u>            | <u>193,829</u>                | <u>158,483</u> | <u>10,540,360</u> |

The total capitalised interest at 30 June 2016 was £487,754 (2015: £487,754).

**10 Financial instruments**

|   | 2016<br>£        | 2015<br>£        |
|---|------------------|------------------|
| <b>Carrying amount of financial assets</b>      |                  |                  |
| Debt instruments measured at amortised cost     | <u>1,017,688</u> | <u>534,337</u>   |
| <b>Carrying amount of financial liabilities</b> |                  |                  |
| Measured at amortised cost                      | <u>6,786,258</u> | <u>5,815,736</u> |

**11 Stocks**

|                                     | 2016<br>£      | 2015<br>£      |
|-------------------------------------|----------------|----------------|
| Finished goods and goods for resale | <u>269,168</u> | <u>271,889</u> |

**12 Debtors**

|   | 2016<br>£        | 2015<br>£      |
|---|------------------|----------------|
| <b>Amounts falling due within one year:</b> |                  |                |
| Trade debtors                               | 351,594          | 394,231        |
| Amounts due from fellow group undertakings  | 202,688          | -              |
| Other debtors                               | 463,406          | 140,106        |
| Prepayments and accrued income              | 298,626          | 297,834        |
|   | <u>1,316,314</u> | <u>832,171</u> |

**BOLTON WHITES HOTEL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2016**

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

|                                    | Notes | 2016<br>£        | 2015<br>£        |
|------------------------------------|-------|------------------|------------------|
| Bank loans and overdrafts          | 15    | -                | 140,000          |
| Obligations under finance leases   | 16    | 14,307           | 14,307           |
| Other borrowings                   | 15    | 5,500,000        | -                |
| Trade creditors                    |       | 988,513          | 783,607          |
| Amounts due to group undertakings  |       | -                | 3,416,202        |
| Other taxation and social security |       | 106,932          | 102,362          |
| Other creditors                    |       | -                | 15,089           |
| Accruals and deferred income       |       | 281,053          | 335,462          |
|                                    |       | <u>6,890,805</u> | <u>4,807,029</u> |

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

|                                  | Notes | 2016<br>£    | 2015<br>£        |
|----------------------------------|-------|--------------|------------------|
| Bank loans and overdrafts        | 15    | -            | 1,095,570        |
| Obligations under finance leases | 16    | 2,385        | 15,499           |
|                                  |       | <u>2,385</u> | <u>1,111,069</u> |

**15 Loans and overdrafts**

|                         | 2016<br>£        | 2015<br>£        |
|-------------------------|------------------|------------------|
| Bank loans              | -                | 1,095,570        |
| Bank overdrafts         | -                | 140,000          |
| Other loans             | 5,500,000        | -                |
|                         | <u>5,500,000</u> | <u>1,235,570</u> |
| Payable within one year | 5,500,000        | 140,000          |
| Payable after one year  | -                | 1,095,570        |

Bank loans are repayable on demand or within one year. The company has granted a fixed and floating charge on its assets to secure bank loans and other loans of £5,500,000 (2015: £1,235,570).

The loan owed to Prescott Business Park Limited incurs interest at 7% per annum and was due to be repaid on 29 January 2017. This loan has not yet been repaid.

**BOLTON WHITES HOTEL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2016**

**16 Finance lease obligations**

|   | <b>2016</b>   | <b>2015</b>   |
|---|---------------|---------------|
|   | £             | £             |
| Future minimum lease payments due under finance leases: |               |               |
| Within one year   | 14,307        | 14,307        |
| In two to five years                                    | 2,385         | 15,499        |
|   | <u>16,692</u> | <u>29,806</u> |

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is three years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

**17 Retirement benefit schemes**

|   | <b>2016</b>   | <b>2015</b>   |
|---|---------------|---------------|
|   | £             | £             |
| <b>Defined contribution schemes</b>                                 |               |               |
| Charge to profit or loss in respect of defined contribution schemes | <u>12,801</u> | <u>10,395</u> |

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

**18 Share capital**

|                               | <b>2016</b>      | <b>2015</b>      |
|-------------------------------|------------------|------------------|
|                               | £                | £                |
| <b>Ordinary share capital</b> |                  |                  |
| <b>Issued and fully paid</b>  |                  |                  |
| 5,805,500 Ordinary of £1 each | <u>5,805,500</u> | <u>5,805,500</u> |

**19 Events after the reporting date**

The loan owed to Prescott Business Park Limited incurs interest at 7% per annum and was due to be repaid on 29 January 2017. This loan has not yet been repaid and is therefore in default.

**20 Related party transactions**

**Transactions with related parties**

During the year the company provided for a loan balance totalling £39,961 (2015: £nil) owed by Fronesis Learning Limited. This balance has been written off to the profit and loss account.

Included in the Group accounts is a loan provided by Sports Shield BWFC Limited. As a condition of this loan there is a guarantee in place over the assets of the Group. The validity of this guarantee is disputed.

**BOLTON WHITES HOTEL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2016**

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| <b>21 Cash generated from operations</b>             | <b>2016</b>        | <b>2015</b>    |
|--|--------------------|----------------|
|  | <b>£</b>           | <b>£</b>       |
| (Loss)/profit for the year after tax                 | (642,491)          | 11,757         |
| <b>Adjustments for:</b>                              |                    |                |
| Finance costs  | 192,109            | 56,798         |
| Depreciation and impairment of tangible fixed assets | 199,982            | 183,375        |
| <b>Movements in working capital:</b>                 |                    |                |
| Decrease in stocks                                   | 2,721              | 347            |
| (Increase) in debtors                                | (484,143)          | (242,753)      |
| (Decrease)/increase in creditors                     | (3,276,224)        | 455,578        |
| <b>Cash (absorbed by)/generated from operations</b>  | <u>(4,008,046)</u> | <u>465,102</u> |