

Seven Tides UK Holding Limited

Report and Financial Statements

Year Ended

31 March 2017

Company Number 05777722

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Seven Tides UK Holding Limited

Company Information

Directors	Sultan Ahmad Sultan Bin Sulayem Ahmad Sultan Ahmad Bin Selayem Abdulla Sultan Ahmad Sultan Bin Sulayem
Registered number	05777722
Registered office	35-38 St James's Place London SW1A 1NY
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU
Bankers	Emirates NBD 3rd Floor, 2 Basil Street London SW3 1AA

Seven Tides UK Holding Limited

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Seven Tides UK Holding Limited

Group Strategic Report for the Year Ended 31 March 2017

The directors present their strategic report for the year ended 31 March 2017.

Business review

The financial results for the year ended 31 March 2017 are contained in the statement of comprehensive income on page 7 of the report and accounts.

The turnover has remained constant at £8.9m (2016 - £8.9m).

The cost of acquisition for rooms revenue, being travel agency commissions, significantly increased in the year due to increased competition in the market from additional supply, and competitive pricing.

EBITDA has decreased to £1.68m compared with £2.06m in the prior year.

Rooms revenue grew 2.2%, through a 1.7% ADR increase and 0.7% occupancy growth. Product investment has begun in the last quarter focusing on the building infrastructure with enhancements to the bedroom airconditioning and external facades. Pricing has benefited from high demand months, with Brexit influencing some minor shifts in booking patterns.

Food and beverage revenues declined by 4.9% due to closure of the restaurant, meeting rooms, and Drawing Rooms throughout the refurbishment project while these areas underwent works. The restaurant was closed to facilitate a full refit for the front and back of house, lasting four months. Air conditioning works resulted in a slowdown in bookings for meeting and private dining.

The product investment has been mostly back of house and not customer facing. This is to follow in the next financial year where the aesthetic changes will be made to rooms and public areas whereby the extent of the investment will be realized by our guests.

Principal risks and uncertainties

The directors consider the following to be principal risks and uncertainties facing the Hotel:

- Economic recession
- Changes to government regulations including legislation on employees, environmental and health and safety

The management give serious consideration to the safety of all employees and guests, in keeping up to date and enforcing all UK statutory requirements and EU regulations through regular assessment and training.

The directors take a regular review of the Group's exposure to these risks.

Financial risk management

Liquidity risk

Cash flow is managed and reviewed weekly on a rolling basis to ensure that all the business requirements are met on time, with all seasonal fluctuation considered.

Price risk

Management will look at opportunities to hedge the risk associated with the increase in LIBOR rate.

Seven Tides UK Holding Limited

Group Strategic Report for the Year Ended 31 March 2017

Environment

The hotel operates in a premium location and it is in our best interests to minimise the impact upon the environment, particularly by energy saving initiatives within the hotel.

- The hotel drives environmental awareness through a voluntary group of employees and managers who explore opportunities to keep the hotel running in an environmentally friendly way.

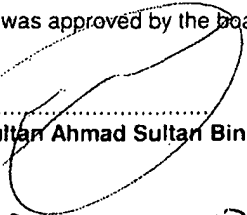
Personnel

The group continues to invest in training and skills development programs. The hotel places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them. Employees are consulted regularly on a wide range of matters affecting their current and future interests.

Disabled employees

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

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

.....

Abdulla Sultan Ahmad Sultan Bin Sulayem
Director

Date:

21-12-2017

Seven Tides UK Holding Limited

Directors' Report for the Year Ended 31 March 2017

The directors present their report and the financial statements for the year ended 31 March 2017.

Directors' responsibilities

The directors are responsible for preparing the group strategic report, the directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

The principal activity of the group in the period under review was the ownership and operation of Dukes Hotel in London.

Results

The profit for the year, after taxation, amounted to £487,009 (2016 -£1,018,886).

Directors

The directors who served during the year were:

Sultan Ahmad Sultan Bin Sulayem
Ahmad Sultan Ahmad Bin Selayem
Abdulla Sultan Ahmad Sultan Bin Sulayem

Matters covered in the strategic report

As permitted by paragraph 1A of schedule 7 to the Large and Medium Sized Companies and Group (Accounts and Reports) Regulation 2008, certain matters which are related to be disclosed in the directors' report have been omitted as they are included in the strategic report on page 1.

Seven Tides UK Holding Limited

Directors' Report (continued) for the Year Ended 31 March 2017

Disclosure of information to auditor

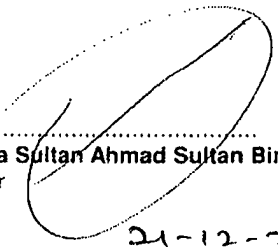
Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

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

Auditor

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

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



.....
Abdulla Sultan Ahmad Sultan Bin Sulayem
Director

Date:

21-12-2017

Seven Tides UK Holding Limited

Independent Auditor's Report to the Members of Seven Tides UK Holding Limited

We have audited the financial statements of Seven Tides UK Holding Limited for the year ended 31 March 2017 which comprise the consolidated statement of comprehensive income, the consolidated and company statement of financial position, the consolidated and company statement of changes in equity, the consolidated 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).

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 auditors

As explained more fully in the statement of directors' responsibilities, 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2017 and of the group's 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 matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Seven Tides UK Holding Limited

Independent Auditor's Report to the Members of Seven Tides UK Holding Limited (continued)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

BDO LLP

Stuart Collins (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

Date: 21-12-2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Seven Tides UK Holding Limited

Consolidated Statement of Comprehensive Income for the Year Ended 31 March 2017

	Note	2017 £	2016 £
Turnover	4	8,929,576	8,913,697
Cost of sales		(4,747,177)	(4,519,569)
Gross profit		4,182,399	4,394,128
Administrative expenses excluding depreciation		(2,497,746)	(2,331,602)
Depreciation		(300,623)	(287,088)
Total administrative expenses		(2,798,369)	(2,618,690)
Operating profit	5	1,384,030	1,775,438
Interest receivable and similar income		-	106
Interest payable and similar charges	8	(1,055,596)	(1,097,321)
Profit before tax		328,434	678,223
Tax on profit	9	158,575	340,663
Profit for the year and total comprehensive income		487,009	1,018,886

All amounts relate to continuing operations.

The notes on pages 13 to 25 form part of these financial statements.

Seven Tides UK Holding Limited
Registered number: 05777722

**Consolidated Statement of Financial Position
as at 31 March 2017**

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	10	41,609,028	40,957,153
Current assets			
Stocks	12	171,020	205,867
Debtors	13	374,301	492,700
Cash and cash equivalents	14	1,459,011	122,225
		<u>2,004,332</u>	<u>820,792</u>
Creditors: amounts falling due within one year	15	(5,527,462)	(31,049,604)
Net current liabilities		<u>(3,523,130)</u>	<u>(30,228,812)</u>
Total assets less current liabilities		<u>38,085,898</u>	<u>10,728,341</u>
Creditors: amounts falling due after more than one year	16	(33,519,280)	(6,446,959)
Provisions for liabilities			
Deferred taxation	18	(3,325,206)	(3,526,979)
Net assets		<u>1,241,412</u>	<u>754,403</u>
Capital and reserves			
Share capital	19	1,000,001	1,000,001
Capital contribution reserve	20	533,896	533,896
Profit and loss account	20	(292,485)	(779,494)
		<u>1,241,412</u>	<u>754,403</u>

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

.....
Abdulla Sultan Ahmad Sultan Bin Sulayem
Director

Date: 21-12-2017

The notes on pages 13 to 25 form part of these financial statements.

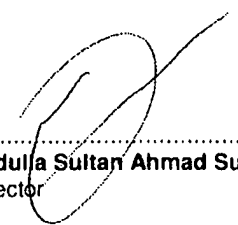
Seven Tides UK Holding Limited
Registered number: 05777722

**Company Statement of Financial Position
as at 31 March 2017**

	Note	2017 £	2016 £
Fixed assets			
Investments	11	42,404,503	41,544,688
Current assets			
Debtors	13	3,117	-
Cash and cash equivalents	14	1,120,540	-
		<u>1,123,657</u>	<u>-</u>
Creditors: amounts falling due within one year	15	(5,939,712)	(31,294,121)
Net current liabilities		<u>(4,816,055)</u>	<u>(31,294,121)</u>
Total assets less current liabilities		<u>37,588,448</u>	<u>10,250,567</u>
Creditors: amounts falling due after more than one year	16	(33,519,280)	(6,446,959)
Net assets		<u><u>4,069,168</u></u>	<u><u>3,803,608</u></u>
Capital and reserves			
Share capital	19	1,000,001	1,000,001
Capital contribution reserve	20	533,896	533,896
Profit and loss account	20	2,535,271	2,269,711
		<u><u>4,069,168</u></u>	<u><u>3,803,608</u></u>

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The profit after tax of the company for the year was £265,560 (2016 - profit after tax £532,887).

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


Abdul Sultan Ahmad Sultan Bin Sulayem
Director

Date: 21-12-2017

The notes on pages 13 to 25 form part of these financial statements.

Seven Tides UK Holding Limited

Consolidated Statement of Changes in Equity for the Year Ended 31 March 2017

	Share capital £	Capital contribution reserve £	Profit and loss account £	Total equity £
At 1 April 2016	1,000,001	533,896	(779,494)	754,403
Comprehensive income for the year				
Profit for the year	-	-	487,009	487,009
At 31 March 2017	<u>1,000,001</u>	<u>533,896</u>	<u>(292,485)</u>	<u>1,241,412</u>

Consolidated Statement of Changes in Equity for the Year Ended 31 March 2016

	Share capital £	Capital contribution reserve £	Profit and loss account £	Total equity £
At 1 April 2015	1,000,001	533,896	(1,798,380)	(264,483)
Comprehensive income for the year				
Profit for the year	-	-	1,018,886	1,018,886
At 31 March 2016	<u>1,000,001</u>	<u>533,896</u>	<u>(779,494)</u>	<u>754,403</u>

The notes on pages 13 to 25 form part of these financial statements.

Seven Tides UK Holding Limited

Company Statement of Changes in Equity for the Year Ended 31 March 2017

	Share capital £	Capital contribution reserve £	Profit and loss account £	Total equity £
At 1 April 2016	1,000,001	533,896	2,269,711	3,803,608
Comprehensive loss for the year				
Profit for the year	-	-	265,560	265,560
At 31 March 2017	<u>1,000,001</u>	<u>533,896</u>	<u>2,535,271</u>	<u>4,069,168</u>

Company Statement of Changes in Equity for the Year Ended 31 March 2016

	Share capital £	Capital contribution reserve £	Profit and loss account £	Total equity £
At 1 April 2015	1,000,001	533,896	1,736,824	3,270,721
Comprehensive income for the year				
Profit for the year	-	-	532,887	532,887
At 31 March 2016	<u>1,000,001</u>	<u>533,896</u>	<u>2,269,711</u>	<u>3,803,608</u>

The notes on pages 13 to 25 form part of these financial statements.

Seven Tides UK Holding Limited

Consolidated Statement of Cash Flows for the Year Ended 31 March 2017

	2017 £	2016 £
Cash flows from operating activities		
Profit for the financial year	487,009	1,018,886
Adjustments for:		
Depreciation of tangible assets	300,623	287,088
Interest paid	1,055,596	1,097,321
Interest received	-	(106)
Taxation charge	(158,575)	(340,663)
Decrease/(increase) in stocks	34,847	(11,044)
Decrease in debtors	118,399	41,644
Increase in creditors	378,179	475,496
Corporation tax received/(paid)	-	(124,309)
Net cash generated from operating activities	2,216,078	2,444,313
Cash flows from investing activities		
Purchase of tangible fixed assets	(952,498)	(147,563)
Interest received	-	106
Net cash from investing activities	(952,498)	(147,457)
Cash flows from financing activities		
Bank loan advanced	28,500,000	-
Repayment of other loans	(27,402,888)	(1,322,112)
Interest paid	(1,023,906)	(1,081,956)
Net cash used in financing activities	73,206	(2,404,068)
Net increase/(decrease) in cash and cash equivalents	1,336,786	(107,212)
Cash and cash equivalents at beginning of year	122,225	229,437
Cash and cash equivalents at the end of year	1,459,011	122,225

The notes on pages 13 to 25 form part of these financial statements.

Seven Tides UK Holding Limited

Notes to the Financial Statements for the Year Ended 31 March 2017

1. General information

Seven Tides UK Holding Limited is a private limited company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the company information page and the nature of the group's operations and its principal activities are set out in the directors' report.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgement in applying the group's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the company and its own subsidiaries ("the group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Going concern

As at 31 March 2017, the group was in a net current liability position of £3,523,130. The group's shareholders have indicated their intention to provide further financial support as necessary. The directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing these financial statements.

2.4 Turnover

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

Turnover is recognised on room sales and guest services when rooms are occupied and services have been rendered. Turnover on sales of goods is recognised at point of sale.

Seven Tides UK Holding Limited

Notes to the Financial Statements for the Year Ended 31 March 2017

2. Accounting policies (continued)

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Refurbishments	- 15 years
Computers, equipment, plant & machinery	- 3 to 15 years
Soft furnishings	- 5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated statement of comprehensive income.

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.7 Stocks

Foods and other perishable goods are valued at the year end at the lower of cost and net realisable value. Other stocks are capitalised on initial purchase and any subsequent replacement costs charged to the statement of comprehensive income in the year in which they are incurred.

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the group's cash management.

Seven Tides UK Holding Limited

Notes to the Financial Statements for the Year Ended 31 March 2017

2. Accounting policies (continued)

2.10 Financial instruments

The group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.12 Finance costs

Finance costs are charged to the statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.13 Operating leases

Rentals paid under operating leases are charged to the Consolidated statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

Seven Tides UK Holding Limited

Notes to the Financial Statements for the Year Ended 31 March 2017

2. Accounting policies (continued)

2.14 Pensions

Defined contribution pension plan

The group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further payment obligations.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the group in independently administered funds.

2.15 Interest income

Interest income is recognised in the statement of comprehensive income using the effective interest method.

2.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company and the group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Seven Tides UK Holding Limited

Notes to the Financial Statements for the Year Ended 31 March 2017

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have had to make the following judgements:

- Determine whether leases entered into by the group as a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- Tangible fixed assets (see note 10)
Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

4. Turnover

Turnover represents income (excluding VAT) derived from the provision of hotel accommodation and associated food and beverage sales.

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	300,623	287,088
Auditors remuneration	20,600	20,000
Operating lease rentals	500,131	517,946

Seven Tides UK Holding Limited

Notes to the Financial Statements for the Year Ended 31 March 2017

6. Employees

Staff costs, including directors' remuneration, were as follows:

	2017 £	2016 £
Wages and salaries	2,532,289	2,489,095
Social security costs	181,633	173,084
Cost of defined contribution scheme	23,857	22,926
	<u>2,737,779</u>	<u>2,685,105</u>

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

	2017 No.	2016 No.
Directors	3	3
Administrative staff	5	4
Hotel staff	90	87
	<u>98</u>	<u>94</u>

7. Directors' remuneration and key management personnel

	2017 £	2016 £
Directors' emoluments	<u>240,000</u>	<u>240,000</u>

During the year, 3 directors received emoluments for the sum of £240,000 (2016 - three directors, £240,000).

The highest paid director received remuneration of £100,000 (2016 - £100,000).

There were no key management personnel other than the group's directors.

8. Interest payable and similar charges

	2017 £	2016 £
Bank interest payable	<u>1,055,596</u>	<u>1,097,321</u>

Seven Tides UK Holding Limited

Notes to the Financial Statements for the Year Ended 31 March 2017

9. Taxation

	2017 £	2016 £
Corporation tax		
UK corporation tax charge on profit for the year	50,625	132,894
Adjustments in respect of previous periods	(7,427)	-
	<u>43,198</u>	<u>132,894</u>
Deferred tax		
Origination and reversal of timing differences	(417,486)	(73,503)
Effect of rate changes	(7,509)	(400,054)
Adjustments in respect of previous periods	223,222	-
Total deferred tax	<u>(201,773)</u>	<u>(473,557)</u>
Taxation on profit on ordinary activities	<u>(158,575)</u>	<u>(340,663)</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016 - lower than) the standard rate of corporation tax in the UK of 20% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	<u>328,434</u>	<u>678,223</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 -20%)	65,687	135,645
Effects of:		
Fixed asset differences	(53,620)	(23,681)
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,751	219
Adjustments to tax charge in respect of prior periods	215,795	-
Non-taxable income	-	(265)
Movement in indexation allowance	(218,073)	(61,818)
Change in tax rate	(170,115)	(390,763)
Total tax charge for the year	<u>(158,575)</u>	<u>(340,663)</u>

Seven Tides UK Holding Limited

Notes to the Financial Statements for the Year Ended 31 March 2017

9. Taxation (continued)

Factors that may affect future tax charges

Corporation tax rates in the UK are to fall to 19% for the years commencing 1 April 2017, 2018 and 2019 and 17% for the year commencing 1 April 2020. Deferred tax for the year ended 31 March 2017 was calculated using a rate of 17% which was the rate that was enacted at the reporting date (2016 - 18%).

10. Tangible fixed assets

Group

	Leasehold land and buildings £	Computers, equipment, plant and machinery £	Furniture, fittings and equipment £	Total £
Cost				
At 1 April 2016	39,592,175	4,079,605	4,508,324	48,180,104
Additions	364,865	276,229	311,404	952,498
At 31 March 2017	39,957,040	4,355,834	4,819,728	49,132,602
Depreciation				
At 1 April 2016	49,466	3,702,644	3,470,841	7,222,951
Charge for the year	7,971	114,201	178,451	300,623
At 31 March 2017	57,437	3,816,845	3,649,292	7,523,574
Net book value				
At 31 March 2017	39,899,603	538,989	1,170,436	41,609,028
At 31 March 2016	39,542,709	376,961	1,037,483	40,957,153

At 31 March 2017, included within the net book value of land and buildings is £27,399,603 (2016 - £27,042,709) relating to buildings held under leasehold and £12,500,000 (2016 - £12,500,000) relating to long leasehold land.

Seven Tides UK Holding Limited

Notes to the Financial Statements for the Year Ended 31 March 2017

11. Fixed asset investments

Company

	Investments in subsidiary companies £	Loans to subsidiaries £	Total £
Cost			
At 1 April 2016	25,681,220	15,863,468	41,544,688
Additions	-	859,815	859,815
At 31 March 2017	25,681,220	16,723,283	42,404,503
Net book value			
At 31 March 2017	25,681,220	16,723,283	42,404,503
At 31 March 2016	25,681,220	15,863,468	41,544,688

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
Dukes Hotel Limited	Ordinary	100 %	The ownership and operation of Dukes Hotel in London

The registered address of Dukes Hotel Limited is 35-38 St James' Place, London, SW1A 1NY which is the same as the registered address for Seven Tides UK Holdings Limited.

The loan to the subsidiary company is unsecured and bears interest at a fixed rate of 8%. The loan is repayable in 2019.

12. Stocks

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Glass, linen and china	120,147	156,343	-	-
Food beverages and other consumables	50,873	49,524	-	-
	171,020	205,867	-	-

Seven Tides UK Holding Limited

Notes to the Financial Statements for the Year Ended 31 March 2017

13. Debtors

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade debtors	313,627	294,811	-	-
Other debtors	3,117	289	3,117	-
Prepayments and accrued income	57,557	197,600	-	-
	<u>374,301</u>	<u>492,700</u>	<u>3,117</u>	<u>-</u>

14. Cash and cash equivalents

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Cash at bank and in hand	<u>1,459,011</u>	<u>122,225</u>	<u>1,120,540</u>	<u>-</u>

15. Creditors: Amounts falling due within one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Bank loans	1,009,286	27,166,555	1,009,286	27,166,555
Trade creditors	310,095	469,046	-	-
Amounts owed to group undertakings	1,892,769	1,644,473	4,180,691	3,699,246
Corporation tax	132,638	89,440	-	-
Other taxation and social security	135,733	271,293	-	-
Other creditors	1,425,559	1,105,698	500,000	400,000
Accruals and deferred income	621,382	303,099	249,735	28,320
	<u>5,527,462</u>	<u>31,049,604</u>	<u>5,939,712</u>	<u>31,294,121</u>

Seven Tides UK Holding Limited

Notes to the Financial Statements for the Year Ended 31 March 2017

16. Creditors: Amounts falling due after more than one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Bank loans	27,072,321	-	27,072,321	-
Amounts owed to group undertakings	6,446,959	6,446,959	6,446,959	6,446,959
	<u>33,519,280</u>	<u>6,446,959</u>	<u>33,519,280</u>	<u>6,446,959</u>

Amounts owed to group undertakings include a loan from Seven Tides International LLC of nominal value £6,980,855 (2016 - £6,980,855) and carrying value of £6,446,959 (2016 - £6,446,959). The loan is repayable on 1 April 2018.

In 2016, there were two elements of the bank loan, being a senior loan of £27,000,000 and a Mezzanine loan of £177,888.

These bank loans were refinanced on 16 September 2016 for a maximum principal amount of £28,500,000 with a final repayment date of 25 December 2021. This loan is repayable by quarterly instalments. Interest is payable at 3.25% above LIBOR. An arrangement fee of £213,750 is being amortised over the life of the loan with an amount of £193,393 outstanding at 31 March 2017.

The loan is secured by a fixed and floating charge over the assets of Dukes Hotel Limited and guaranteed by Seven Tides International LLC and a personal guarantee by Sultan Ahmad Bin Sulayem.

17. Financial instruments

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	1,775,755	417,325	1,123,657	-
	<u>1,775,755</u>	<u>417,325</u>	<u>1,123,657</u>	<u>-</u>
Financial liabilities				
Financial liabilities measured at amortised cost	(38,778,371)	(37,135,830)	(39,458,993)	(37,741,080)
	<u>(38,778,371)</u>	<u>(37,135,830)</u>	<u>(39,458,993)</u>	<u>(37,741,080)</u>

Financial assets measured at amortised cost comprise cash and cash equivalents, trade and other debtors and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise bank loans and overdrafts, trade and other creditors, amounts owed to group undertakings and accrued expenses.

Seven Tides UK Holding Limited

Notes to the Financial Statements for the Year Ended 31 March 2017

18. Deferred taxation

Group

	2017 £	2016 £
At beginning of year	(3,526,979)	(4,000,536)
Charged to profit or loss	201,773	473,557
At end of year	(3,325,206)	(3,526,979)
	Group 2017 £	Group 2016 £
Accelerated capital allowances	(147,459)	(136,048)
Fair value adjustment on business combination	(3,177,747)	(3,390,931)
	(3,325,206)	(3,526,979)

19. Share capital

	2017 £	2016 £
Allotted, called up and fully paid		
1,000,001 Ordinary shares of £1 each	1,000,001	1,000,001

20. Reserves

Capital contribution reserve

Capital contribution reserve arose on the provision of interest-free loans from the parent company to the group, being the excess of the amount contributed by the parent company over the fair value of the loan at the date of issue.

Profit & loss account

Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

Seven Tides UK Holding Limited

Notes to the Financial Statements for the Year Ended 31 March 2017

21. Pension commitments

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £23,857 (2016 - £22,926). Contributions totalling £1,995 (2016 - £2,280) were payable to the fund at the reporting date and are included in creditors.

22. Commitments under operating leases

At 31 March 2017 the group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2017 £	Group 2016 £
Not later than 1 year	513,240	512,017
Later than 1 year and not later than 5 years	1,955,034	1,924,705
Later than 5 years	24,607,603	25,082,603
	<u>27,075,877</u>	<u>27,519,325</u>

23. Related party transactions

The company has taken advantage of the exemption under paragraph 33.1A of the Financial Reporting Standard 102 not to disclose transactions with other wholly owned members of the group.

At the balance sheet date, included within other creditors are amounts of £1,200,000 (2016 - £960,000) which were due to the directors.

24. Controlling party

The immediate parent undertaking is Seven Tides International LLC, a company incorporated in the United Arab Emirates.

The ultimate controlling party is Sultan Ahmad Bin Sulayem.