

Seven Tides UK Holding Limited

Report and Financial Statements

Year Ended

31 March 2018

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 2018

The directors present their strategic report for the year ended 31 March 2018.

Business review

The financial results for the year ended 31 March 2018 are contained in the statement of comprehensive income on page 8 of the report and accounts.

The turnover has remained constant at £9.0m (2017 - £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 remained the same as the prior year at £1.7m.

During the year the hotel had been ongoing a soft refurbishment programme, we managed the hotel with rooms off and lack of food and beverage facilities rather than any major closure.

Despite the renovation, rooms revenue grew by 0.7%, through a 2.1% ADR increase and 1% decline in occupancy (due to rooms out of service). Product investment has been ongoing throughout the year with a soft refurbishment programme, limiting revenue growth whilst rooms had been taken out of service to facilitate the project.

Food & beverage revenues grew by 2.2%. The restaurant and kitchen were closed in the first month of the year to facilitate the completion of a full refit for the front and back of house, Meeting & Private Dining areas were close for approximately 3 months.

Product investment is largely completed in public areas and 60% of the bedrooms.

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 (continued) for the Year Ended 31 March 2018

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: 19 December 2018

Seven Tides UK Holding Limited

Directors' Report for the Year Ended 31 March 2018

The directors present their report and the financial statements for the year ended 31 March 2018.

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 £585,565 (2017 - £487,009).

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 2018

Disclosure of information to auditor

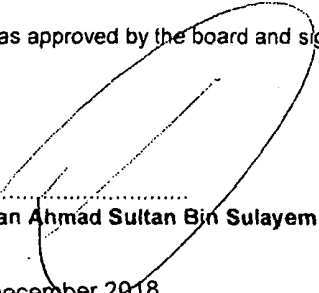
Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- 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: 19 December 2018

Seven Tides UK Holding Limited

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

Opinion

We have audited the financial statements of Seven Tides UK Holdings Limited ("the parent company") and its subsidiaries ("the group") for the year ended 31 March 2018 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 notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group and of the parent company's affairs as at 31 March 2018 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Seven Tides UK Holding Limited

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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 and the director's report.

We have nothing to report in respect of the following matters in relation to which 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
- 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
- we have not received all the information and explanations we require for our audit.

Seven Tides UK Holding Limited

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

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the parent 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 parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

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

Date: 21 December 2018

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 2018

	Note	2018 £	2017 £
Turnover	4	9,013,726	8,929,576
Cost of sales		(5,073,887)	(4,747,177)
Gross profit		3,939,839	4,182,399
Administrative expenses excluding depreciation		(2,254,440)	(2,497,746)
Depreciation		(428,544)	(300,623)
Total administrative expenses		(2,682,984)	(2,798,369)
Operating profit	5	1,256,855	1,384,030
Interest receivable and similar income		204	-
Interest payable and similar charges	8	(1,051,855)	(1,055,596)
Profit before taxation		205,204	328,434
Tax on profit	9	380,361	158,575
Profit for the financial year		585,565	487,009

All amounts relate to continuing operations.

There was no other comprehensive income for 2018 (2017 - £Nil).

The notes on pages 14 to 26 form part of these financial statements.

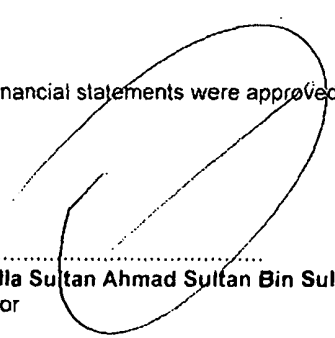
Seven Tides UK Holding Limited

Registered number: 05777722

Consolidated Statement of Financial Position as at 31 March 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	10	42,259,042	41,609,028
Current assets			
Stocks	12	203,604	171,020
Debtors	13	361,441	374,301
Cash and cash equivalents		286,974	1,459,011
		<u>852,019</u>	<u>2,004,332</u>
Creditors: amounts falling due within one year	14	(6,308,870)	(5,527,462)
Net current liabilities		<u>(5,456,851)</u>	<u>(3,523,130)</u>
Total assets less current liabilities		<u>36,802,191</u>	<u>38,085,898</u>
Creditors: amounts falling due after more than one year	15	(32,034,994)	(33,519,280)
Provisions for liabilities			
Deferred taxation	17	(2,940,220)	(3,325,206)
Net assets		<u><u>1,826,977</u></u>	<u><u>1,241,412</u></u>
Capital and reserves			
Share capital	18	1,000,001	1,000,001
Capital contribution reserve	19	533,896	533,896
Profit and loss account	19	293,080	(292,485)
		<u><u>1,826,977</u></u>	<u><u>1,241,412</u></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: 19 December 2018

The notes on pages 14 to 26 form part of these financial statements.

Seven Tides UK Holding Limited

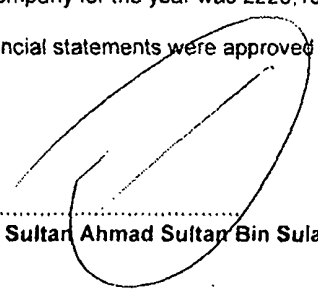
Registered number: 05777722

Company Statement of Financial Position as at 31 March 2018

	Note	2018 £	2017 £
Fixed assets			
Investments	11	43,410,293	42,404,503
Current assets			
Debtors	13	2,460	3,117
Cash and cash equivalents		265,384	1,120,540
		<u>267,844</u>	<u>1,123,657</u>
Creditors: amounts falling due within one year	14	(7,344,816)	(5,939,712)
Net current liabilities		<u>(7,076,972)</u>	<u>(4,816,055)</u>
Total assets less current liabilities		<u>36,333,321</u>	<u>37,588,448</u>
Creditors: amounts falling due after more than one year	15	(32,034,994)	(33,519,280)
Net assets		<u><u>4,298,327</u></u>	<u><u>4,069,168</u></u>
Capital and reserves			
Share capital	18	1,000,001	1,000,001
Capital contribution reserve	19	533,896	533,896
Profit and loss account	19	2,764,430	2,535,271
		<u><u>4,298,327</u></u>	<u><u>4,069,168</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 £229,159 (2017 - £265,560).

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: 19 December 2018

The notes on pages 14 to 26 form part of these financial statements.

Seven Tides UK Holding Limited

Consolidated Statement of Changes in Equity for the Year Ended 31 March 2018

	Share capital £	Capital contribution reserve £	Profit and loss account £	Total equity £
At 1 April 2017	1,000,001	533,896	(292,485)	1,241,412
Comprehensive income for the year				
Profit for the year	-	-	585,565	585,565
At 31 March 2018	<u>1,000,001</u>	<u>533,896</u>	<u>293,080</u>	<u>1,826,977</u>

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>

The notes on pages 14 to 26 form part of these financial statements.

Seven Tides UK Holding Limited

Company Statement of Changes in Equity for the Year Ended 31 March 2018

	Share capital	Capital contribution reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2017	1,000,001	533,896	2,535,271	4,069,168
Comprehensive loss for the year				
Profit for the year	-	-	229,159	229,159
At 31 March 2018	<u>1,000,001</u>	<u>533,896</u>	<u>2,764,430</u>	<u>4,298,327</u>

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 income 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>

The notes on pages 14 to 26 form part of these financial statements.

Seven Tides UK Holding Limited

Consolidated Statement of Cash Flows for the Year Ended 31 March 2018

	2018 £	2017 £
Cash flows from operating activities		
Profit for the financial year	585,565	487,009
Adjustments for:		
Depreciation of tangible assets	428,544	300,623
Interest paid	1,051,855	1,055,596
Interest received	(204)	-
Taxation charge	(380,361)	(158,575)
(Increase)/decrease in stocks	(32,584)	34,847
Decrease in debtors	12,860	118,399
Increase in creditors	652,796	378,179
Corporation tax (paid)/received	(137,263)	-
Net cash generated from operating activities	2,181,208	2,216,078
Cash flows from investing activities		
Purchase of tangible fixed assets	(1,078,558)	(952,498)
Interest received	204	-
Net cash from investing activities	(1,078,354)	(952,498)
Cash flows from financing activities		
New secured loans	-	28,500,000
Repayment of loans	(1,050,000)	(27,402,888)
Interest paid	(1,224,891)	(1,023,906)
Net cash used in financing activities	(2,274,891)	73,206
Net (decrease)/increase in cash and cash equivalents	(1,172,037)	1,336,786
Cash and cash equivalents at beginning of year	1,459,011	122,225
Cash and cash equivalents at the end of year	286,974	1,459,011

The notes on pages 14 to 26 form part of these financial statements.

Seven Tides UK Holding Limited

Notes to the Financial Statements for the Year Ended 31 March 2018

1. General information

Seven Tides UK Holding Limited is a private company, limited by shares, incorporated in England & Wales under the Companies Act 2006. 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 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 2018, the group was in a net current liability position of £5,456,851 (2017 - £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 2018

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 2018

2. Accounting policies (continued)

2.10 Financial instruments

The group only enters into basic financial instrument 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 the 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 2018

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 2018

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 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 the 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:

	2018 £	2017 £
Auditors' remuneration	19,020	18,050
Other operating lease rentals	500,278	500,131
Depreciation of tangible fixed assets	428,544	300,623

Seven Tides UK Holding Limited

Notes to the Financial Statements for the Year Ended 31 March 2018

6. Employees

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

	Group 2018 £	Group 2017 £
Wages and salaries	2,769,045	2,532,289
Social security costs	182,711	181,633
Cost of defined contribution scheme	23,844	23,857
	<u>2,975,600</u>	<u>2,737,779</u>

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

	2018 No.	2017 No.
Directors	3	3
Administrative staff	5	5
Hotel staff	96	90
	<u>104</u>	<u>98</u>

7. Directors' remuneration and key management personnel

	2018 £	2017 £
Directors' emoluments	<u>240,000</u>	<u>240,000</u>

During the year, three directors received emoluments for the sum of £240,000 (2017 - three directors, £240,000).

The highest paid director received remuneration of £100,000 (2017 - £100,000).

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

8. Interest payable and similar expenses

	2018 £	2017 £
Other loan interest payable	<u>1,051,855</u>	<u>1,055,596</u>

Seven Tides UK Holding Limited

Notes to the Financial Statements for the Year Ended 31 March 2018

9. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	3,944	50,625
Adjustments in respect of previous periods	681	(7,427)
	<u>4,625</u>	<u>43,198</u>
Total current tax	<u>4,625</u>	<u>43,198</u>
Deferred tax		
Origination and reversal of timing differences	(384,376)	(417,486)
Effect of rate changes	-	(7,509)
Adjustments in respect of previous periods	(610)	223,222
Total deferred tax	<u>(384,986)</u>	<u>(201,773)</u>
Taxation on profit on ordinary activities	<u>(380,361)</u>	<u>(158,575)</u>
Factors affecting tax charge for the year		

The tax assessed for the year is higher than (2017 - higher than) the standard rate of corporation tax in the UK of 19% (2017 - 20%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	<u>205,204</u>	<u>328,434</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	38,989	65,687
Effects of:		
Fixed asset differences	71,861	(53,620)
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	19	1,751
Adjustments to tax charge in respect of prior periods	71	215,795
Movement in indexation allowance	(440,961)	(218,073)
Change in tax rate	(11,255)	(170,115)
Deferred tax not recognised	(39,085)	-
Total tax charge for the year	<u>(380,361)</u>	<u>(158,575)</u>

Seven Tides UK Holding Limited

Notes to the Financial Statements for the Year Ended 31 March 2018

9. Taxation (continued)

Factors that may affect future tax charges

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

10. Tangible fixed assets

Group

	Leasehold land and buildings £	Computers, equipment, plant and machinery £	Furniture, fittings and equipment £	Total £
Cost				
At 1 April 2017	39,957,040	4,355,834	4,819,728	49,132,602
Additions	128,523	72,659	877,376	1,078,558
At 31 March 2018	40,085,563	4,428,493	5,697,104	50,211,160
Depreciation				
At 1 April 2017	57,437	3,816,845	3,649,292	7,523,574
Charge for the year	8,044	111,508	308,992	428,544
At 31 March 2018	65,481	3,928,353	3,958,284	7,952,118
Net book value				
At 31 March 2018	40,020,082	500,140	1,738,820	42,259,042
At 31 March 2017	39,899,603	538,989	1,170,436	41,609,028

At 31 March 2018, included within the net book value of land and buildings is £27,520,082 (2017 - £27,399,603) relating to buildings held under leasehold and £12,500,000 (2017 - £12,500,000) relating to long leasehold land.

Seven Tides UK Holding Limited

Notes to the Financial Statements for the Year Ended 31 March 2018

11. Fixed asset investments

Company

	Investments in subsidiary companies £	Loans to subsidiaries £	Total £
Cost			
At 1 April 2017	25,681,220	16,723,283	42,404,503
Additions	-	1,005,790	1,005,790
At 31 March 2018	25,681,220	17,729,073	43,410,293
Net book value			
At 31 March 2018	25,681,220	17,729,073	43,410,293
At 31 March 2017	25,681,220	16,723,283	42,404,503

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.

Seven Tides UK Holding Limited

Notes to the Financial Statements for the Year Ended 31 March 2018

12. Stocks

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Glass, linen and china	157,680	120,147	-	-
Food beverages and other consumables	45,924	50,873	-	-
	<u>203,604</u>	<u>171,020</u>	<u>-</u>	<u>-</u>

13. Debtors

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Trade debtors	299,080	313,627	-	-
Other debtors	8,491	3,117	2,460	3,117
Prepayments and accrued income	53,870	57,557	-	-
	<u>361,441</u>	<u>374,301</u>	<u>2,460</u>	<u>3,117</u>

14. Creditors: Amounts falling due within one year

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Bank loans	1,484,286	1,009,286	1,484,286	1,009,286
Trade creditors	637,273	310,095	-	-
Amounts owed to group undertakings	1,986,479	1,892,769	5,227,628	4,180,690
Corporation tax	-	132,638	-	-
Other taxation and social security	201,895	135,733	-	-
Other creditors	1,662,551	1,425,559	600,000	500,001
Accruals and deferred income	336,386	621,382	32,902	249,735
	<u>6,308,870</u>	<u>5,527,462</u>	<u>7,344,816</u>	<u>5,939,712</u>

Seven Tides UK Holding Limited

Notes to the Financial Statements for the Year Ended 31 March 2018

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

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Bank loans	25,588,035	27,072,321	25,588,035	27,072,321
Amounts owed to group undertakings	6,446,959	6,446,959	6,446,959	6,446,959
	<u>32,034,994</u>	<u>33,519,280</u>	<u>32,034,994</u>	<u>33,519,280</u>

Amounts owed to group undertakings include a loan from Seven Tides International LLC of nominal value £6,980,855 (2017 - £6,980,855) and carrying value of £6,446,959 (2017 - £6,446,959). The loan is repayable on 1 April 2019.

The bank loans are repayable by quarterly instalments with a final payment of £20,925,000 due in December 2021. 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 £152,679 outstanding at 31 March 2018 (2017 - £193,393).

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.

16. Financial instruments

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	<u>586,054</u>	<u>1,772,639</u>	<u>265,384</u>	<u>1,120,540</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>(38,141,969)</u>	<u>(38,778,372)</u>	<u>(39,379,810)</u>	<u>(39,458,993)</u>

Financial assets measured at amortised cost comprise cash and cash equivalents, trade and other debtors.

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 2018

17. Deferred taxation

Group

	2018 £	2017 £
At beginning of year	3,325,206	3,526,979
Charged to profit or loss	(384,986)	(201,773)
At end of year	2,940,220	3,325,206
	Group 2018 £	Group 2017 £
Accelerated capital allowances	203,434	147,459
Fair value adjustment on business combination	2,736,786	3,177,747
	2,940,220	3,325,206

18. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
1,000,001 Ordinary shares of £1 each	1,000,001	1,000,001

19. 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 2018

20. 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 £23,844 (2017 - £23,857). Contributions totalling £3,675 (2017 - £1,995) were payable to the fund at the reporting date and are included in creditors.

21. Commitments under operating leases

At 31 March 2018 the group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2018 £	Group 2017 £
Not later than 1 year	494,854	513,240
Later than 1 year and not later than 5 years	1,920,940	1,955,034
Later than 5 years	23,989,876	24,607,603
	<u>26,405,670</u>	<u>27,075,877</u>

22. 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 £1,440,000 (2017 - £1,200,000) which were due to the directors.

23. 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.