

HOSPITALITY & CAPITAL MANAGEMENT CARDIFF LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

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HOSPITALITY & CAPITAL MANAGEMENT CARDIFF LIMITED
REGISTERED NUMBER: 03506788

BALANCE SHEET
AS AT 31 MARCH 2019

	Note	£	2019 £	£	2018 £
Fixed assets					
Tangible assets	4		239,014		285,928
			<u>239,014</u>		<u>285,928</u>
Current assets					
Stocks	5	5,359		5,673	
Debtors: amounts falling due within one year	6	569,480		235,204	
Cash at bank and in hand		45,132		600	
		<u>619,971</u>		<u>241,477</u>	
Current liabilities					
Creditors: amounts falling due within one year	7	(3,173,660)		(2,759,408)	
Net current liabilities			<u>(2,553,689)</u>		<u>(2,517,931)</u>
Total assets less current liabilities			<u>(2,314,675)</u>		<u>(2,232,003)</u>
Provisions for liabilities					
Deferred tax		(574)		(8,469)	
			<u>(574)</u>		<u>(8,469)</u>
Net liabilities			<u><u>(2,315,249)</u></u>		<u><u>(2,240,472)</u></u>
Capital and reserves					
Called up share capital			2		2
Profit and loss account			(2,315,251)		(2,240,474)
			<u><u>(2,315,249)</u></u>		<u><u>(2,240,472)</u></u>

HOSPITALITY & CAPITAL MANAGEMENT CARDIFF LIMITED
REGISTERED NUMBER: 03506788

BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2019

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the profit and loss account in accordance with provisions applicable to companies subject to the small companies' regime.

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


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M H Manji
Director

Date: 28/11/2019

The notes on pages 3 to 10 form part of these financial statements.

HOSPITALITY & CAPITAL MANAGEMENT CARDIFF LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. General information

The entity is a private company, limited by shares, which is incorporated in England and Wales, registration number 03506788. The registered office is Second Avenue, Centrum 100, Burton Upon Trent, Staffordshire, DE14 2WF.

Principal activity

The principal activity of the Company during the year continued to be that of a hotel.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The Company's functional and presentational currency is British Pound Sterling (£).

The following principal accounting policies have been applied:

2.2 Going concern

In considering the appropriateness of the going concern basis of preparation of these financial statements, the director has considered the current and future funding requirements of the Company. The parent company, First Inn Venture Cardiff Limited, has confirmed that it will continue to support the Company for a period of at least 12 months from the date of the approval of the financial statements which includes, as required, the deferral of amounts owed by the Company to First Inn Venture Cardiff Limited, including the balance at 31 March 2019 of £2,950,492 (2018 - £2,381,907).

First Inn Venture Cardiff Limited successfully refinanced with HSBC Bank plc during the year ended 31 March 2015. The Company is party to a cross guarantee in respect of these borrowings, the balance of which at 31 March 2019 amounted to £2,490,000 (2018 - £2,610,000). As referred to above, the Company is reliant on the ongoing financial support of First Inn Venture Cardiff Limited and hence is reliant on the refinancing.

With due consideration to the uncertainties described above, and based on the recent successful refinancing with the parent company bankers, the director has a reasonable expectation that the Company will continue in operational existence for the foreseeable future. For this reason, the director continues to adopt the going concern basis in preparing the financial statements.

The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due; and
- revenue from room sales and other guest services is recognised when rooms are occupied and as services are provided.

2.4 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

2.5 Finance costs

Finance costs are charged to the Profit and Loss Account 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.

2.6 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Profit and Loss Account when they fall due. Amounts not paid are shown as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

2. Accounting policies (continued)**2.7 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, 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 balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet 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 balance sheet date.

2.8 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.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Leasehold improvements	- 2% straight line per annum
Plant and machinery	- 25% straight line per annum
Fixtures and fittings	- 25% straight line per annum
Computer equipment	- 25% straight line per annum
Assets under construction	- Not depreciated

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 Profit and Loss Account.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

2. Accounting policies (continued)

2.9 Stocks

Stocks are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving stock.

2.10 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.

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.12 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.

2.13 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

2.14 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Profit and Loss Account in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.15 Financial instruments

The Company 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 Profit and Loss Account.

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.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an 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.

3. Employees

The average monthly number of employees, including the director, during the year was 27 (2018 - 27).

HOSPITALITY & CAPITAL MANAGEMENT CARDIFF LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

4. Tangible fixed assets

	Leasehold improvements £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Assets under construction £	Total £
Cost or valuation						
At 1 April 2018	152,630	416,347	486,393	27,627	27,850	1,110,847
Additions	-	-	980	6,631	5,315	12,926
Disposals	-	(340,831)	(390,139)	-	-	(730,970)
At 31 March 2019	152,630	75,516	97,234	34,258	33,165	392,803
Depreciation						
At 1 April 2018	3,826	369,550	431,495	20,048	-	824,919
Charge for the year	2,352	18,882	27,796	3,382	-	52,412
Disposals	-	(340,831)	(382,711)	-	-	(723,542)
At 31 March 2019	6,178	47,601	76,580	23,430	-	153,789
Net book value						
At 31 March 2019	146,452	27,915	20,654	10,828	33,165	239,014
At 31 March 2018	148,804	46,797	54,898	7,579	27,850	285,928

HOSPITALITY & CAPITAL MANAGEMENT CARDIFF LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

5. Stocks

	2019 £	2018 £
Inventories	5,359	5,673
	<u>5,359</u>	<u>5,673</u>

6. Debtors

	2019 £	2018 £
Trade debtors	16,756	28,466
Amounts owed by group undertakings	531,422	182,930
Other debtors	5,000	7,877
Prepayments and accrued income	16,302	15,931
	<u>569,480</u>	<u>235,204</u>

7. Creditors: Amounts falling due within one year

	2019 £	2018 £
Bank overdrafts	-	111,101
Trade creditors	32,451	26,636
Amounts owed to group undertakings	2,973,937	2,405,352
Corporation tax	28,717	6,624
Other taxation and social security	20,696	29,390
Other creditors	1,750	58,297
Accruals and deferred income	116,109	122,008
	<u>3,173,660</u>	<u>2,759,408</u>

The bank overdraft amounting to £NIL (2018 - £111,101) is secured by a fixed and floating charge over the Company's assets.

8. Guarantees and commitments

As at 31 March 2019 the Company had cross guarantees and financial commitments, not provided in the Balance Sheet, of £2,490,000 (2018 - £2,816,875), and an unconditional guarantee of \$50,000 (2018 - \$50,000).

HOSPITALITY & CAPITAL MANAGEMENT CARDIFF LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

9. Related party transactions

The wholly owned subsidiaries of the other members of the group are exempt from the requirements of Financial Reporting Standard 102, section 1AC.35 to disclose transactions.

No other transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 102, section 1AC.35.

All transactions are considered to be at arms length.

10. Post balance sheet events

On the 16 October 2019, the Group enacted a restructure, moving the trade and assets of Hospitality and Capital Management Cardiff Limited to Hospitality and Capital Management Limited. The operations and principal activity of the Company remain unchanged going forwards but the results of any future trading will be accounted for within the financial results of Hospitality and Capital Management Limited. Due to the uncertainty over future trading results, it is not possible to quantify this transaction as at the signing date of the accounts.

11. Controlling party

The Company is a wholly owned subsidiary undertaking of First Inn Venture Cardiff Limited, a company incorporated in Jersey, Channel Islands. The registered office and the principal place of business of First Inn Venture Cardiff Limited is No 1 Seaton Place, St Helier, Jersey, Channel Islands. Following the Group restructure on 16 October 2019, the Company became a subsidiary undertaking of First Inn Venture Limited, a company incorporated in the British Virgin Islands. The registered office and principal place of business of First Inn Venture Limited is Nerine Chambers, Quastisky Building, Road Town, Tortola, British Virgin Islands.

The ultimate parent company is Mariada Holdings Limited, a company incorporated in the British Virgin Islands. The registered office and principal place of business of Mariada Holdings Limited is 7 Rue du Rhone, Geneva, Switzerland.

12. Auditors' information

The auditors' report on the financial statements for the year ended 31 March 2019 was unqualified.

In their report, the auditors emphasised the following matter without qualifying their report:
The auditors' report recognised a material uncertainty related to going concern, drawing particular attention to note 2.2 in the financial statements.

The audit report was signed on *2 Decal 2019* by Alan Herbert FCA (Senior Statutory Auditor) on behalf of MHA MacIntyre Hudson.