

Company Registration No. 03914051 (England and Wales)

SPEARMINT RHINO VENTURES (UK) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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SPEARMINT RHINO VENTURES (UK) LIMITED

COMPANY INFORMATION

Directors	Ms K Vercher Mr J R Specht
Secretary	Spearmint Rhino Secretarial Services Ltd
Company number	03914051
Registered office	161 Tottenham Court Road London W1T 7NN
Auditor	Wilkins Kennedy Audit Services Gladstone House 77/79 High Street Egham Surrey TW20 9HY

SPEARMINT RHINO VENTURES (UK) LIMITED

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SPEARMINT RHINO VENTURES (UK) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

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

Principal activities

The principal activity of the group is the operation of nightclubs.

Directors

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

Ms K Vercher
Mr J R Specht

Results and dividends

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

No ordinary dividends were paid (2017 - £2,694,675). The directors do not recommend payment of a further dividend.

Auditor

In accordance with the company's articles, a resolution proposing that Wilkins Kennedy Audit Services be reappointed as auditor of the group will be put at a General Meeting.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

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

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

SPEARMINT RHINO VENTURES (UK) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

On behalf of the board



Mr J R Specht
Director

9 September 2019

SPEARMINT RHINO VENTURES (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SPEARMINT RHINO VENTURES (UK) LIMITED

Opinion

We have audited the financial statements of Spearmint Rhino Ventures (UK) Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group 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 FRS 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's and the parent company's affairs as at 31 December 2018 and of the group's loss 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 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.

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.

SPEARMINT RHINO VENTURES (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SPEARMINT RHINO VENTURES (UK) LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 parent company and its environment obtained in the course of the audit, we have not identified material misstatements in 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

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 on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

SPEARMINT RHINO VENTURES (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SPEARMINT RHINO VENTURES (UK) LIMITED

Use of our report

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.

Wilkins Kennedy Audit Services

Paul Creasey (Senior Statutory Auditor)
for and on behalf of Wilkins Kennedy Audit Services

16 September 2019

Accountants
Statutory Auditor

Gladstone House
77/79 High Street
Egham
Surrey
TW20 9HY

SPEARMINT RHINO VENTURES (UK) LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	2017 £
Turnover		5,226,231	5,246,693
Cost of sales		(2,651,449)	(2,540,492)
Gross profit		2,574,782	2,706,201
Administrative expenses		(3,255,125)	(2,494,196)
Other operating income		37,998	41,656
Operating (loss)/profit		(642,345)	253,661
Interest receivable and similar income		65	55
Interest payable and similar expenses		(184,569)	(157,649)
Fair value gains and losses on investment properties	6	156,000	-
(Loss)/profit before taxation		(670,849)	96,067
Tax on (loss)/profit		(14,967)	(19,781)
(Loss)/profit for the financial year	16	(685,816)	76,286
Other comprehensive income			
Tax relating to other comprehensive income		-	30,330
Total comprehensive income for the year		(685,816)	106,616

(Loss)/profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

SPEARMINT RHINO VENTURES (UK) LIMITED

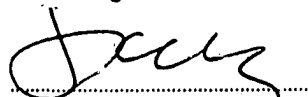
GROUP BALANCE SHEET

AS AT 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
Fixed assets					
Total intangible assets	4	-		2,495	
Tangible assets	5	3,851,427		2,270,394	
Investment properties	6	656,000		500,000	
		<u>4,507,427</u>		<u>2,772,889</u>	
Current assets					
Stocks		64,416		65,316	
Debtors	9	554,910		389,952	
Cash at bank and in hand		277,432		330,501	
		<u>896,758</u>		<u>785,769</u>	
Creditors: amounts falling due within one year	10	<u>(8,460,912)</u>		<u>(5,944,536)</u>	
Net current liabilities			(7,564,154)		(5,158,767)
Total assets less current liabilities			<u>(3,056,727)</u>		<u>(2,385,878)</u>
Provisions for liabilities	12		(141,660)		(126,693)
Net liabilities			<u>(3,198,387)</u>		<u>(2,512,571)</u>
Capital and reserves					
Called up share capital	13		1,000		1,000
Revaluation reserve	14		1,816,349		1,714,931
Capital redemption reserve	15		600,000		600,000
Profit and loss reserves	16		(5,615,736)		(4,828,502)
Total equity			<u>(3,198,387)</u>		<u>(2,512,571)</u>

These financial statements have been prepared in accordance with the provisions applicable to groups and companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 9 September 2019 and are signed on its behalf by:



Mr J R Specht
Director

SPEARMINT RHINO VENTURES (UK) LIMITED

COMPANY BALANCE SHEET

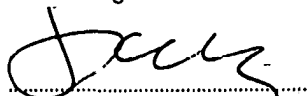
AS AT 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
Fixed assets					
Investment properties	6		656,000		500,000
Investments	7		352,648		352,648
			<u>1,008,648</u>		<u>852,648</u>
Current assets					
Debtors	9	440,520		37,356	
Cash at bank and in hand		1,317		13,651	
		<u>441,837</u>		<u>51,007</u>	
Creditors: amounts falling due within one year	10	<u>(6,561,323)</u>		<u>(5,024,630)</u>	
Net current liabilities			<u>(6,119,486)</u>		<u>(4,973,623)</u>
Total assets less current liabilities			<u>(5,110,838)</u>		<u>(4,120,975)</u>
Provisions for liabilities	12		<u>(45,469)</u>		<u>(17,612)</u>
Net liabilities			<u><u>(5,156,307)</u></u>		<u><u>(4,138,587)</u></u>
Capital and reserves					
Called up share capital	13		1,000		1,000
Revaluation reserve	14		388,151		258,671
Capital redemption reserve	15		600,000		600,000
Profit and loss reserves	16		<u>(6,145,458)</u>		<u>(4,998,258)</u>
Total equity			<u><u>(5,156,307)</u></u>		<u><u>(4,138,587)</u></u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £1,017,720 (2017 - £1,034,851 loss).

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

The financial statements were approved by the board of directors and authorised for issue on 9 September 2019 and are signed on its behalf by:



Mr J R Specht
Director

Company Registration No. 03914051

SPEARMINT RHINO VENTURES (UK) LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital	Revaluation reserve	Capital redemption reserve	Profit and loss reserves	Total
	£	£	£	£	£
Balance at 1 January 2017	1,000	1,714,933	600,000	(4,935,120)	(2,619,187)
Year ended 31 December 2017:					
Profit for the year	-	-	-	76,286	76,286
Other comprehensive income:					
Tax relating to other comprehensive income	-	30,330	-	-	30,330
Total comprehensive income for the year	-	30,330	-	76,286	106,616
Transfers	-	(30,332)	-	30,332	-
Balance at 31 December 2017	1,000	1,714,931	600,000	(4,828,502)	(2,512,571)
Year ended 31 December 2018:					
Loss and total comprehensive income for the year	-	-	-	(685,816)	(685,816)
Transfers	-	101,418	-	(101,418)	-
Balance at 31 December 2018	1,000	1,816,349	600,000	(5,615,736)	(3,198,387)

SPEARMINT RHINO VENTURES (UK) LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital	Revaluation reserve	Capital redemption reserve	Profit and loss reserves	Total
	£	£	£	£	£
Balance at 1 January 2017	1,000	260,942	600,000	(3,965,678)	(3,103,736)
Year ended 31 December 2017:					
Loss and total comprehensive income for the year	-	-	-	(1,034,851)	(1,034,851)
Transfers	-	(2,271)	-	2,271	-
Balance at 31 December 2017	1,000	258,671	600,000	(4,998,258)	(4,138,587)
Year ended 31 December 2018:					
Loss and total comprehensive income for the year	-	-	-	(1,017,720)	(1,017,720)
Transfers	-	129,480	-	(129,480)	-
Balance at 31 December 2018	1,000	388,151	600,000	(6,145,458)	(5,156,307)

SPEARMINT RHINO VENTURES (UK) LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash generated from operations	20	1,993,328		405,393	
Interest paid		(184,569)		(157,649)	
Income taxes (paid)/refunded		(26,982)		7,590	
Net cash inflow from operating activities		1,781,777		255,334	
Investing activities					
Purchase of tangible fixed assets		(1,686,336)		-	
Interest received		65		55	
Net cash (used in)/generated from investing activities		(1,686,271)		55	
Financing activities					
Repayment of bank loans		(148,575)		(141,370)	
Net cash used in financing activities		(148,575)		(141,370)	
Net (decrease)/increase in cash and cash equivalents		(53,069)		114,019	
Cash and cash equivalents at beginning of year		330,501		216,482	
Cash and cash equivalents at end of year		277,432		330,501	

SPEARMINT RHINO VENTURES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

Company information

Spearmint Rhino Ventures (UK) Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 161 Tottenham Court Road, London, W1T 7NN.

The group consists of Spearmint Rhino Ventures (UK) Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The consolidated financial statements incorporate those of Spearmint Rhino Ventures (UK) Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2018. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 Going concern

At the balance sheet the group is in a net liability position. Spearmint Rhino Companies Worldwide Inc. and J Gray have expressed their intention to continue to support the group and on this basis the directors consider it appropriate to prepare the financial statements on a going concern basis.

On an operational level, the group relies upon the Entertainment licenses it holds remaining in place. The directors are confident that the licences will not be revoked in the foreseeable future. The financial statements do not include any adjustments that would result from the licences being revoked.

SPEARMINT RHINO VENTURES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.4 Turnover

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

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 5 years.

1.6 Tangible fixed assets

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

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

Freehold land and buildings	2% straight line
Leasehold land and buildings	over the remaining life of the lease
Fixtures and fittings	20% straight line
Motor vehicles	20% straight line

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

1.7 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

Where fair value cannot be achieved without undue cost or effort, investment property is accounted for as tangible fixed assets.

1.8 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

SPEARMINT RHINO VENTURES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.10 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell, after making due allowance for obsolete and slow moving items.

1.11 Cash at bank and in hand

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

1.12 Financial instruments

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

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

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

Basic financial assets

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

Classification of financial liabilities

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

SPEARMINT RHINO VENTURES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

Basic financial liabilities

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

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

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

1.13 Equity instruments

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

1.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

SPEARMINT RHINO VENTURES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.15 Employee benefits

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

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

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

1.16 Retirement benefits

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

1.17 Leases

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

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.18 Foreign exchange

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

2 Judgements and key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Investment property

The directors assess the fair value of the investment property where an external valuer has not performed a valuation. The key judgements involved are a review of the market rates and rental yields.

Deferred tax

Deferred tax assets are raised to the extent that it is probable that future taxable profits will be available against which the unused tax losses and unused tax credits can be utilised.

SPEARMINT RHINO VENTURES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

3 Employees

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

	Group 2018 Number	2017 Number	Company 2018 Number	2017 Number
Total employees	95	94	7	7

	Group 2018 £	2017 £	Company 2018 £	2017 £
Wages and salaries	2,017,730	1,989,632	629,024	664,452
Social security costs	133,836	122,616	39,256	44,033
Pension costs	16,812	6,757	1,474	962
	2,168,378	2,119,005	669,754	709,447

4 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 January 2018 and 31 December 2018	1,936,201
Amortisation and impairment	
At 1 January 2018	1,933,706
Amortisation charged for the year	2,495
At 31 December 2018	1,936,201
Carrying amount	
At 31 December 2018	-
At 31 December 2017	2,495

The company had no intangible fixed assets at 31 December 2018 or 31 December 2017.

SPEARMINT RHINO VENTURES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

5 Tangible fixed assets

Group	Land and buildings	Plant and machinery etc	Total
	£	£	£
Cost			
At 1 January 2018	3,412,668	3,763,476	7,176,144
Additions	1,686,336	-	1,686,336
At 31 December 2018	5,099,004	3,763,476	8,862,480
Depreciation and impairment			
At 1 January 2018	1,275,742	3,630,010	4,905,752
Depreciation charged in the year	60,966	44,335	105,301
At 31 December 2018	1,336,708	3,674,345	5,011,053
Carrying amount			
At 31 December 2018	3,762,296	89,131	3,851,427
At 31 December 2017	2,136,927	133,467	2,270,394
Company		Plant and machinery etc	
		£	
Cost			
At 1 January 2018 and 31 December 2018			275,043
Depreciation and impairment			
At 1 January 2018 and 31 December 2018			275,043
Carrying amount			
At 31 December 2018			-

6 Investment property

	Group 2018	Company 2018
	£	£
Fair value		
At 1 January 2018	500,000	500,000
Revaluations	156,000	156,000
At 31 December 2018	656,000	656,000

SPEARMINT RHINO VENTURES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

6 Investment property (Continued)

Investment property is carried at fair value determined annually by external valuers and derived from the current market rates and investment property yields for comparable real estate or by the directors based on reasonable assumptions. No depreciation is provided. Changes in fair value are recognised in the Profit and loss account.

7 Fixed asset investments

	Group 2018 £	2017 £	Company 2018 £	2017 £
Investments	-	-	352,648	352,648

8 Subsidiaries

Details of the company's subsidiaries at 31 December 2018 are as follows:

Name of undertaking	Nature of business	Class of shares held	% Held Direct
RKW Limited	Property company	Ordinary	100.00
Bacchus Limited	Operation of a nightclub	Ordinary	100.00
SR Leicestershire Ltd	Holding company	Ordinary	100.00
Sonfield Developments Limited	Operation of a nightclub	Ordinary	100.00
Sassy Productions Limited	Operation of a nightclub	Ordinary	100.00
Spearmint Rhino Companies (Birmingham) Limited	Operation of a nightclub	Ordinary	100.00
Spearmint Rhino Companies (Europe) Limited	Operation of a nightclub	Ordinary	100.00

The registered office for all of the subsidiaries is 161 Tottenham Court Road, London, England, W1T 7NN.

SPEARMINT RHINO VENTURES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

9 Debtors

	Group 2018 £	2017 £	Company 2018 £	2017 £
Amounts falling due within one year:				
Trade debtors	77,640	95,706	114	4,482
Amounts owed by group	-	-	397,127	24,990
Other debtors	347,270	164,246	43,279	7,884
	<u>424,910</u>	<u>259,952</u>	<u>440,520</u>	<u>37,356</u>
Amounts falling due after more than one year:				
Other debtors	<u>130,000</u>	<u>130,000</u>	-	-
Total debtors	<u>554,910</u>	<u>389,952</u>	<u>440,520</u>	<u>37,356</u>

10 Creditors: amounts falling due within one year

	Group 2018 £	2017 £	Company 2018 £	2017 £
Bank loans and overdrafts	156,169	304,744	-	-
Trade creditors	563,127	349,434	32,281	51,072
Amounts owed to group undertakings	-	-	1,330,675	838,975
Corporation tax payable	1,527	28,509	(87)	(87)
Other taxation and social security	187,165	212,424	18,416	23,562
Other creditors	7,552,924	5,049,425	5,180,038	4,111,108
	<u>8,460,912</u>	<u>5,944,536</u>	<u>6,561,323</u>	<u>5,024,630</u>

11 Loans and overdrafts

	Group 2018 £	2017 £	Company 2018 £	2017 £
Bank loans	<u>156,169</u>	<u>304,744</u>	-	-
Payable within one year	<u>156,169</u>	<u>304,744</u>	-	-

The loans are secured by a cross guarantee and debenture between all of the companies within the Spearmint Rhino Ventures (UK) Limited group.

SPEARMINT RHINO VENTURES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

12 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2018 £	Liabilities 2017 £
Group		
Accelerated capital allowances	(26,098)	(16,815)
Revaluations	167,758	143,508
	<u>141,660</u>	<u>126,693</u>
	Liabilities 2018 £	Liabilities 2017 £
Company		
Accelerated capital allowances	(9,144)	(12,752)
Revaluations	54,613	30,364
	<u>45,469</u>	<u>17,612</u>
	Group 2018 £	Company 2018 £
Movements in the year:		
Liability at 1 January 2018	126,693	17,612
Charge to profit or loss	14,967	27,857
	<u>141,660</u>	<u>45,469</u>

13 Share capital

	Group and company 2018 £	2017 £
Ordinary share capital		
Issued and fully paid		
1,000 Ordinary of £1 each	<u>1,000</u>	<u>1,000</u>

SPEARMINT RHINO VENTURES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

14 Revaluation reserve

	Group 2018 £	2017 £	Company 2018 £	2017 £
At beginning of year	1,714,931	1,714,933	258,671	260,942
Deferred tax on revaluation of tangible assets	-	30,330	-	-
Transfer to retained earnings	101,418	(30,332)	129,480	(2,271)
At end of year	<u>1,816,349</u>	<u>1,714,931</u>	<u>388,151</u>	<u>258,671</u>

15 Capital redemption reserve

	Group 2018 £	2017 £	Company 2018 £	2017 £
At beginning and end of year	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>

16 Profit and loss reserves

	Group 2018 £	2017 £	Company 2018 £	2017 £
As restated	(4,828,502)	(4,935,120)	(4,998,258)	(3,965,678)
Profit/(loss) for the year	(685,816)	76,286	(1,017,720)	(1,034,851)
Transfer from revaluation reserve	(101,418)	30,332	(129,480)	2,271
At the end of the year	<u>(5,615,736)</u>	<u>(4,828,502)</u>	<u>(6,145,458)</u>	<u>(4,998,258)</u>

17 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	Group 2018 £	2017 £	Company 2018 £	2017 £
Within one year	626,000	611,000	-	-
Between two and five years	2,504,000	2,444,000	-	-
In over five years	6,952,801	6,834,051	-	-
	<u>10,082,801</u>	<u>9,889,051</u>	<u>-</u>	<u>-</u>

SPEARMINT RHINO VENTURES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

18 Controlling party

The ultimate controlling party is J Gray.

19 Related party disclosures

The group has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

During the year, the company received a loan amounting to £1,398,000 from a controlling party. The loan is repayable on demand and the rate of interest charged is 0%. At the balance sheet date, the loan was still outstanding and is presented within other creditors.

20 Cash generated from group operations

	2018 £	2017 £
(Loss)/profit for the year after tax	(685,816)	76,286
Adjustments for:		
Taxation charged	14,967	19,781
Finance costs	184,569	157,649
Investment income	(65)	(55)
Fair value gains and losses on investment properties	(156,000)	-
Amortisation and impairment of intangible assets	2,495	2,495
Depreciation and impairment of tangible fixed assets	105,301	88,948
Movements in working capital:		
Decrease in stocks	900	4,398
(Increase) in debtors	(164,958)	(7,248)
Increase in creditors	2,691,935	63,139
Cash generated from operations	1,993,328	405,393