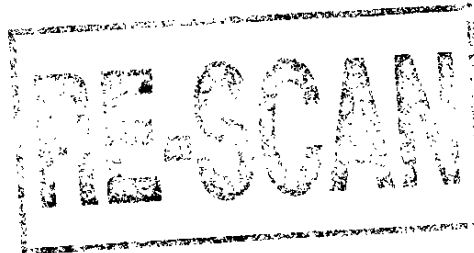


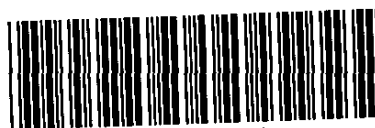
COMPANY REGISTRATION NUMBER 05433298

**FUTURE INNS, PLYMOUTH GP, LIMITED**  
**FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**



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**FUTURE INNS, PLYMOUTH GP, LIMITED**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2017**

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**FUTURE INNS, PLYMOUTH GP, LIMITED**  
**OFFICERS AND PROFESSIONAL ADVISERS**

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**Board of directors**

D G Brett  
M J Brett

**Company secretary**

G J Stockman

**Registered office**

Hemingway Road  
Cardiff  
CF10 4AU

## **FUTURE INNS, PLYMOUTH GP, LIMITED**

### **DIRECTORS' REPORT**

**YEAR ENDED 31 DECEMBER 2017**

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The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2017.

#### **PRINCIPAL ACTIVITIES**

Future Inns, Plymouth GP, Limited is the General Partner of Future Inns, Plymouth General Partner, Limited Partnership which is itself the General Partner of Future Inns, Plymouth, Limited Partnership. The principal activity of Future Inns, Plymouth, Limited Partnership is the running of a hotel.

#### **DIRECTORS**

The directors who served the company during the year were as follows:

D G Brett

M J Brett

#### **DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Directors' 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

#### **SMALL COMPANY PROVISION**

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

Signed by order of the directors



D G Brett  
Director

Approved by the directors on 27 SEP 2018

**FUTURE INNS, PLYMOUTH GP, LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 DECEMBER 2017**

	<b>Note</b>	<b>2017</b> <b>£</b>	<b>2016</b> <b>£</b>
<b>TURNOVER</b>		-	-
Administrative expenses		(72)	(71)
		—	—
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(72)	(71)
Tax on loss on ordinary activities	<b>3</b>	-	-
		—	—
<b>RETAINED LOSS FOR THE FINANCIAL YEAR</b>		<u>(72)</u>	<u>(71)</u>

The notes on pages 5 to 8 form part of these financial statements.

**FUTURE INNS, PLYMOUTH GP, LIMITED****BALANCE SHEET****YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £	£	2016 £	£
<b>FIXED ASSETS</b>					
Investments	5		1,000		1,000
<b>CURRENT ASSETS</b>					
Debtors	6	47,802		46,639	
Cash at bank		311,607		260,376	
		359,409		307,015	
<b>CREDITORS: Amounts falling due within one year</b>	7	(360,888)		(308,422)	
<b>NET CURRENT LIABILITIES</b>			(1,479)		(1,407)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			(479)		(407)
<b>CAPITAL AND RESERVES</b>					
Called-up equity share capital	9		1		1
Profit and loss account			(480)		(408)
<b>EQUITY SHAREHOLDER'S FUNDS</b>			(479)		(407)

The directors consider that the company is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 ("the Act") and members have not required the company to obtain an audit for the period in question in accordance with section 476 of the Act.

The directors acknowledge their responsibility for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

These financial statements have been prepared in accordance with the provision applicable to companies subject to the small companies' regime as set out within Part 15 of the Companies Act 2006.

These financial statements were approved and authorised for issue by the directors on *27 SEP 2018* and are signed on their behalf by:



D G Brett

Director

Company registered number 05433298

**The notes on pages 5 to 8 form part of these financial statements.**

**FUTURE INNS, PLYMOUTH GP, LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2017**

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**1. ACCOUNTING POLICIES**

**Basis of preparation of the financial statements**

Future Inns, Plymouth, GP, Limited is a private company limited by shares, incorporated in England and Wales. The address of the registered office is Hemingway Road, Cardiff CF10 4AU.

These financial statements are prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" as applied in the context of the small entities regime.

The following principal accounting policies have been applied:

**Consolidation**

The company has not prepared financial statements consolidating the results of its investment in Future Inns, Plymouth, Limited Partnership, through Future Inns, Plymouth General Partner, Limited Partnership on the grounds that severe long term restrictions exist. The company has taken exemption from producing group financial statements consolidating the results of Future Inns, Plymouth General Partner, Limited Partnership under Section 398 of the Companies Act 2006 on the grounds that it is a small group. The financial statements therefore provide information about the company and not its group.

**Investments**

Investments are stated at cost. Provision is made for any impairment in value.

**Financial instruments**

Financial assets and financial liabilities are recognised in the balance sheet when the company becomes a party to the contractual provisions of the instrument.

Debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the company will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank.

**FUTURE INNS, PLYMOUTH GP, LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2017**

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**2. OPERATING PROFIT**

Operating profit is stated after charging:

	2017	2016
	£	£
Directors' emoluments	-	-

**3. TAXATION ON ORDINARY ACTIVITIES**

No charge to corporation tax has arisen during the year, as a result of the company's principal activity.

**4. EMPLOYEES**

There were no employees during the current or previous year.

**5. INVESTMENTS**

	Unlisted Investments £
<b>COST</b>	
At 1 January 2017	1,000
Additions	-
At 31 December 2017	<u>1,000</u>
<b>NET BOOK VALUE</b>	
At 31 December 2017	<u>1,000</u>
At 31 December 2016	<u>1,000</u>

Future Inns, Plymouth GP, Limited is the General Partner of Future Inns, Plymouth General Partner, Limited Partnership and under the terms of the partnership agreement had to contribute £1,000 to the capital of the partnership.

During the year ended 31 December 2017, Future Inns, Plymouth General Partner, Limited Partnership generated a profit of £185,215 (2016 - £172,865). At the year end, the balance on the capital and income accounts of the General Partner was £1,000 (2016 - £1,000) and the balance on the capital and income accounts of the Limited Partners was £307,631 (2016 - £255,555).

The Head Office of Future Inns, Plymouth, Limited Partnership and Future Inns, Plymouth General Partner, Limited Partnership is Queensgate South, Hemingway Road, Cardiff CF10 4AU. Copies of the financial statements for the year ended 31 December 2017 are to be appended to the financial statements filed at Companies House.



**FUTURE INNS, PLYMOUTH GP, LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2017**

---

**6. DEBTORS**

	2017	2016
	£	£
Amounts owed by related undertakings	<u>47,802</u>	<u>46,639</u>

**7. CREDITORS: Amounts falling due within one year**

	2017	2016
	£	£
Amounts owed to related undertakings	351,080	299,004
Director current account	150	150
VAT	9,658	9,268
	<u>360,888</u>	<u>308,422</u>

**8. RELATED PARTY TRANSACTIONS**

The company is the General Partner of Future Inns, Plymouth General Partner, Limited Partnership. This partnership is the General Partner of Future Inns, Plymouth, Limited Partnership.

At the year end, an amount of £150 (2016 - £150) was owed to D Brett, a director of the company.

The company owed £1,000 to Future Inns, UK, Limited (2016 - £1,000) in respect of the capital contributed to Future Inns, Plymouth, Limited Partnership on its behalf. Future Inns, UK, Limited is a company related by virtue of common directors.

At the year end, the company was owed £12,338 (2016 - £11,175) by Future Inns, Plymouth, Limited Partnership in respect of management and franchise fees.

During prior years, Future Inns, Plymouth General Partner, Limited Partnership agreed to bear one-off expenses of £35,464 on behalf of Future Inns, Plymouth, Limited Partnership. Future Inns, Plymouth GP, Limited made this payment on behalf of Future Inns, Plymouth General Partner, Limited Partnership and as such at the year end is owed £35,464 (2016 - £35,464) by Future Inns, Plymouth General Partner, Limited Partnership.

The company owed Future Inns, Plymouth General Partner, Limited Partnership £350,080 (2016 - £298,004) in respect of franchise fees at the year end.

The company is controlled by its directors and shareholders, D G Brett and M J Brett.

**FUTURE INNS, PLYMOUTH GP, LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2017**

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**9. SHARE CAPITAL**

**Authorised share capital:**

	2017	2016
	£	£
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

**Allotted, called up and fully paid:**

	2017		2016	
	No	£	No	£
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

**REGISTRATION NUMBER LP012746**

**FUTURE INNS, PLYMOUTH GENERAL PARTNER,  
LIMITED PARTNERSHIP  
FINANCIAL STATEMENTS  
31 DECEMBER 2017**

**FUTURE INNS, PLYMOUTH GENERAL PARTNER, LIMITED PARTNERSHIP**  
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**FUTURE INNS, PLYMOUTH GENERAL PARTNER, LIMITED PARTNERSHIP**  
**REPORT ON BEHALF OF THE GENERAL PARTNER**  
**YEAR ENDED 31 DECEMBER 2017**

---

The general partner has pleasure in presenting its report and the financial statements of the partnership for the year ended 31 December 2017.

**PRINCIPAL ACTIVITIES**

The principal activity of the partnership during the year was the management and provision of franchised services and transactions on behalf of Future Inns, Plymouth, Limited Partnership, the principal activity of which is the running of a hotel.

Future Inns, Plymouth GP, Limited is the General Partner of Future Inns, Plymouth General Partner, Limited Partnership.

**STATEMENT OF GENERAL PARTNER'S RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

The General Partner is responsible for preparing the report on behalf of the general partner and the financial statements in accordance with applicable law and regulation.

Company law as applied to qualifying partnerships requires the General Partner to prepare financial statements for each financial year. Under that law the General Partner has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the General Partner must not approve the financial statements unless it is satisfied that they give a true and fair view of the state of affairs of the Partnership and of the profit or loss of the Partnership for that year.

In preparing these financial statements, the General Partner is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Partnership will continue in business.

The General Partner is responsible for keeping adequate accounting records that are sufficient to show and explain the Partnership's transactions, and disclose with reasonable accuracy at any time the financial position of the Partnership, and enable the General Partner to ensure that the financial statements comply with the Companies Act 2006, as applied to qualifying partnerships. The General Partner is also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report has been prepared in accordance with the special provisions for small entities under Part 15 of the Companies Act 2006 as applied to qualifying partnerships.



D G Brett

For and on behalf of Future Inns, Plymouth GP, Limited as General Partner.

Date: 27 SEP 2018

**FUTURE INNS, PLYMOUTH GENERAL PARTNER, LIMITED PARTNERSHIP**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**YEAR ENDED 31 DECEMBER 2017**

	Year ended 31 Dec 17 £	Year ended 31 Dec 16 £
<b>REVENUE</b>		
Management and franchise fees receivable	185,215	172,865
<b>EXPENSES</b>		
Partnership expenses	-	-
<b>PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	185,215	172,865
<b>GENERAL PARTNER'S SHARE OF TOTAL COMPREHENSIVE INCOME</b>	-	-
<b>LIMITED PARTNERS' SHARE OF TOTAL COMPREHENSIVE INCOME</b>	185,215	172,865

**FUTURE INNS, PLYMOUTH GENERAL PARTNER, LIMITED PARTNERSHIP**  
**STATEMENT OF FINANCIAL POSITION**  
**31 DECEMBER 2017**

	Note	2017 £	£	2016 £	£
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Investments	4		1,000		1,000
<b>CURRENT ASSETS</b>					
Amounts due from related parties	5		350,080		298,004
<b>TOTAL ASSETS</b>			<u>351,080</u>		<u>299,004</u>
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Amounts due to related parties	5		42,449		42,449
<b>TOTAL LIABILITIES</b>			<u>42,449</u>		<u>42,449</u>
<b>LIMITED PARTNERS' CAPITAL</b>					
Capital account			-		-
Income account:					
- Balance brought forward		255,555		168,094	
- Share of net profit		185,215		172,865	
- Cash distributions		<u>(133,139)</u>		<u>(85,404)</u>	
			307,631		255,555
			<u>307,631</u>		<u>255,555</u>
<b>GENERAL PARTNER'S CAPITAL</b>					
Capital account	6		1,000		1,000
Income account			-		-
Total General Partner's Capital			<u>1,000</u>		<u>1,000</u>
<b>TOTAL EQUITY</b>			<u>308,631</u>		<u>256,555</u>
			<u>351,080</u>		<u>299,004</u>

The general partner is satisfied that the company is entitled to exemption from the provisions of the Companies Act 2006 as applied to qualifying partnership relating to the audit of the financial statements for the year by virtue of section 477, and that no member or members have requested an audit pursuant to section 476 of the Act.

**FUTURE INNS, PLYMOUTH GENERAL PARTNER, LIMITED PARTNERSHIP**

**STATEMENT OF FINANCIAL POSITION *(continued)***

**31 DECEMBER 2017**

---

The general partner acknowledges its responsibility for:

- (i) ensuring that the partnership keeps proper accounting records which comply with section 386 of the Act, and
- (ii) preparing financial statements which give a true and fair view of the state of affairs of the partnership as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of sections 394 and 395, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the qualifying partnership.

These financial statements have been prepared in accordance with the special provision for small entities under Part 15 of the Companies Act 2006, as applied to qualifying partnerships.

The financial statements were approved by the General Partner on 27 SEP 2018



D G Brett

For and on behalf of Future Inns, Plymouth GP, Limited (in its capacity as General Partner of Future Inns, Plymouth General Partner, Limited Partnership)

Registration Number: LP012746



**FUTURE INNS, PLYMOUTH GENERAL PARTNER, LIMITED PARTNERSHIP**  
**STATEMENT OF CHANGES IN PARTNERS' CAPITAL**  
**YEAR ENDED 31 DECEMBER 2017**

	2017 £	2016 £
<b>LIMITED PARTNERS' CAPITAL</b>		
<b>Balance at 1 January 2017</b>	255,555	168,094
<b>SHARE OF COMPREHENSIVE INCOME</b>	185,215	172,865
	<u>440,770</u>	<u>340,959</u>
Cash distributions	(133,139)	(85,404)
<b>Balance at 31 December 2017</b>	<u>307,631</u>	<u>255,555</u>
Allocated as follows:		
Capital account	<u>-</u>	<u>-</u>
Income account	<u>307,631</u>	<u>255,555</u>
<b>GENERAL PARTNER'S CAPITAL</b>		
<b>Balance at 1 January 2017</b>	<u>1,000</u>	<u>1,000</u>
<b>SHARE OF COMPREHENSIVE INCOME</b>	-	-
	<u>1,000</u>	<u>1,000</u>
Cash distributions	<u>-</u>	<u>-</u>
<b>Balance at 31 December 2017</b>	<u>1,000</u>	<u>1,000</u>
Allocated as follows:		
Capital account	<u>1,000</u>	<u>1,000</u>
Income account	<u>-</u>	<u>-</u>

**FUTURE INNS, PLYMOUTH GENERAL PARTNER, LIMITED PARTNERSHIP**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2017**

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**1. DESCRIPTION OF BUSINESS**

Future Inns, Plymouth General Partner, Limited Partnership is a limited partnership formed under the Limited Partnership Act 1907. The partnership manages and provides franchised services on behalf of Future Inns, Plymouth, Limited Partnership and earns management and franchise fees and a share of net profit as prescribed under the partnership agreement.

The registered office is at Queensgate South, Hemingway Road, Cardiff, CF10 4JY.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of preparation**

These financial statements are prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" as applied in the context of the small entities regime.

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards and the Future Inns, Plymouth General Partner, Limited Partnership agreement.

These financial statements reflect the operations of Future Inns, Plymouth General Partner, Limited Partnership. They do not include all the assets, liabilities and earnings of the partners. No provision has been made in these financial statements for income taxes, which are the responsibility of each partner.

The financial statements have been prepared on a going concern basis.

**Consolidation**

The partnership has not prepared financial statements consolidating the results of its investment in Future Inns, Plymouth, Limited Partnership on the grounds that severe long term restrictions exist.

**Revenue recognition**

The revenue shown in the statement of comprehensive income represents management and franchise income receivable in the year.

**Investments**

Investments are stated at cost. Provision is made for any impairment in value.

**FUTURE INNS, PLYMOUTH GENERAL PARTNER, LIMITED PARTNERSHIP**

**NOTES TO THE FINANCIAL STATEMENTS *(continued)***

**YEAR ENDED 31 DECEMBER 2017**

---

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)***

**Financial instruments**

Related party receivables and payables are classified as basic financial instruments and measured at initial recognition at transaction price, and subsequently at amortised cost using the effective interest rate method. A provision is established where there is objective evidence that the partnership will not be able to collect all amounts due.

Financial liabilities and equity instruments issued by the partnership are classified in accordance with the substance of the contractual arrangement entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the partnership after deducting all of its liabilities. Equity instruments issued by the partnership are recorded at the proceeds received, net of direct issue costs.

**3. EMPLOYEES**

There were no employees during the current or previous year.

**4. INVESTMENTS**

	Unlisted Investments £
<b>COST</b>	
At 1 January 2017	1,000
Additions	-
At 31 December 2017	<u>1,000</u>
<b>NET BOOK VALUE</b>	
At 31 December 2017	<u>1,000</u>
At 31 December 2016	<u>1,000</u>

Future Inns, Plymouth General Partner, Limited Partnership is the General Partner of Future Inns, Plymouth, Limited Partnership and under the terms of the partnership agreement had to contribute £1,000 to the capital of the partnership.

**5. RELATED PARTY TRANSACTIONS**

In accordance with the partnership agreement, management and franchise fees of 8% of room hire revenue and 3% of other revenues receivable by Future Inns, Plymouth, Limited Partnership are payable to the partnership, through Future Inns, Plymouth GP, Limited, in its capacity as General Partner of the partnership. Management and franchise fees of £185,215 (2016: £172,865) were receivable by the partnership during the year in respect of this agreement. At 31 December 2017, the partnership was owed £350,080 (2016: £298,004) by Future Inns, Plymouth GP, Limited, in respect of management and franchise fees.

**FUTURE INNS, PLYMOUTH GENERAL PARTNER, LIMITED PARTNERSHIP**

**NOTES TO THE FINANCIAL STATEMENTS *(continued)***

**YEAR ENDED 31 DECEMBER 2017**

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**5. RELATED PARTY TRANSACTIONS *(continued)***

During prior years, Future Inns, Plymouth General Partner, Limited Partnership agreed to bear one-off expenses of £92,093 on behalf of Future Inns, Plymouth, Limited Partnership. A balance of £6,985 (2016: £6,985) was owed to Future Inns, Plymouth, Limited Partnership at the year end.

During prior years, Future Inns, Plymouth General Partner, Limited Partnership agreed to bear expenses of £35,464 on behalf of Future Inns, Plymouth, Limited Partnership. Future Inns, Plymouth GP, Limited made this payment on behalf of Future Inns, Plymouth General Partner, Limited Partnership and as such at the year end owed Future Inns, Plymouth GP, Limited £35,464 (2016: £35,464).

**6. PARTNERS' CAPITAL AND SHARING OF INCOME**

The income and losses are allocated to the limited partners under the terms of the limited partnership agreement and are reduced by cash distributions. Net gains and losses are distributed 100% to the limited partners, and the share of net income is agreed as the first £50,000 paid to Del Brett and the remaining balance is split 50% to each of the limited partners.

Movements in partners' capital accounts during the period:

	31 Dec 17	31 Dec 16
	£	£
General partner's capital account	1,000	1,000
	<hr/>	<hr/>
Limited partners' capital accounts	-	-
	<hr/>	<hr/>

The General Partner has contributed £1,000 to the capital of the partnership.

**REGISTRATION NUMBER LP010321**

**FUTURE INNS, PLYMOUTH, LIMITED PARTNERSHIP  
FINANCIAL STATEMENTS  
31 DECEMBER 2017**

**FUTURE INNS, PLYMOUTH, LIMITED PARTNERSHIP**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2017**

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**FUTURE INNS, PLYMOUTH, LIMITED PARTNERSHIP**  
**REPORT ON BEHALF OF THE GENERAL PARTNER**  
**YEAR ENDED 31 DECEMBER 2017**

---

I'm pleased to attach audited statements of account for Future Inns, Plymouth, Limited Partnership for the financial year ending 31 December, 2017.

The year 2017 has been a period of consistent growth for our business. We believe this is partly due to the lower value of British pounds sterling, which has served to buoy demand from both domestic and international travellers who have recognised the relative good value of vacationing in Britain compared with foreign destinations with stronger valued currencies.

For the financial year 2017, we have generated profits from operations, before depreciation and fair value adjustments, of £486,910 (2016: 348,898) showing growth of 40%.

A reconciliation of profit for the year between the management accounts and statutory financial statements is provided below:

	2017	2016
Profit reported in the statement of comprehensive income	675,790	52,950
Depreciation	51,219	50,169
Fair value movement	25,009	510,799
Additional interest charged under the interest rate hedge	(265,108)	(265,020)
Profit before depreciation as reported in our management accounts	486,910	348,898

We have remained fully compliant with banking covenants throughout the year.

Capital repayment obligations have been met on schedule.

Four distributions of profit were made to Limited Partners in 2017, one in each quarter. We forecast to continue with subsequent distributions each quarter of the upcoming year, dependent upon maintaining adequate profitability to assure positive cash flow and covenant compliance after making such distributions.

For 2018, we have set a budget which allows for further growth in profitability, at a pace we believe is realistic.

Our hotel continues to achieve good guest satisfaction rankings, and is therefore positioned well to achieve further improving returns on investment for investors in the upcoming year.

In 2017, extensive roadworks were undertaken, affecting streets adjacent to our hotel. These impacted access to our business, and may have dampened our sales revenue to an extent which is difficult to quantify. Thankfully these works are nearing completion and with the newly improved roads, any negative effects should dissipate quickly. Otherwise, the outlook for 2018 remains one of steady growth in revenue and profits compared with prior years.

## **FUTURE INNS, PLYMOUTH, LIMITED PARTNERSHIP**

### **REPORT ON BEHALF OF THE GENERAL PARTNER *(continued)***

**YEAR ENDED 31 DECEMBER 2017**

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#### **STATEMENT OF GENERAL PARTNER'S RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

The General Partner is responsible for preparing the strategic report, the report on behalf of the general partner and the financial statements in accordance with applicable law and regulation.

Company law as applied to qualifying partnerships requires the General Partner to prepare financial statements for each financial year. Under that law the General Partner has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the General Partner must not approve the financial statements unless it is satisfied that they give a true and fair view of the state of affairs of the Partnership and of the profit or loss of the Partnership for that year.

In preparing these financial statements, the General Partner is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Partnership will continue in business.


The General Partner is responsible for keeping adequate accounting records that are sufficient to show and explain the Partnership's transactions, and disclose with reasonable accuracy at any time the financial position of the Partnership, and enable the General Partner to ensure that the financial statements comply with the Companies Act 2006, as applied to qualifying partnerships. The General Partner is also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **PROVISION OF INFORMATION TO AUDITORS**

The General Partner at the time when this report is approved has confirmed that:

- so far as the General Partner is aware, there is no relevant audit information of which the partnership's auditors are unaware, and
- the General Partner has taken all the steps that ought to have been taken as a General Partner in order to be aware of any information needed by the partnership's auditors in connection with preparing their report and to establish that the partnership's auditors are aware of that information.

D G Brett

Date:  26 March 2018

For and on behalf of Future Inns, Plymouth GP, Limited as General Partner, and also on behalf of Future Inns, Plymouth General Partner, Limited Partnership which has been delegated to carry out certain of the duties of the General Partner.



## **FUTURE INNS, PLYMOUTH, LIMITED PARTNERSHIP**

### **STRATEGIC REPORT**

**YEAR ENDED 31 DECEMBER 2017**

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The general partner is pleased to present its Strategic Report for the year ending 31 December 2017.

#### **PRINCIPAL ACTIVITY**

The principal activity of the partnership is the management and operation of the Future Inns hotel located in Plymouth.

#### **BUSINESS REVIEW**

A comprehensive business review is provided in the report of the General Partner on page 1.

The financial performance of the partnership during the year and the financial position of the partnership at the end of the year are detailed on pages 7 and 10-11 respectively.

The key performance indicators (KPIs) reported monthly to key stakeholders and used by management for the purpose of monitoring the performance of the partnership are as follows:

- Earnings before interest, tax, depreciation, amortisation and management and franchise fees (EBITDAM)
- Revenue per room
- Debt service cover (calculated as a ratio of EBITDAM to capital and interest payments)

Owing to the factors noted in the report of the General Partner, 2017 has seen a 14% increase in EBITDAM (2016: 1% decrease) and a 13% increase (2016: 2% decrease) in debt service cover. The partnership has achieved an 8% increase (2016: 8% increase) in revenue per room and remains confident about the future trading prospects of the hotel.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

Future Inns, Plymouth, Limited Partnership is dependent on the continued support of its Limited Partners and the provision of loan finance from the bank.

This reliance on bank loan finance brings with it an element of interest rate risk which is managed via long term financing agreements and hedging where appropriate.

While the hotel chain is also susceptible to wider economic change and fluctuations in the discretionary spending power of the population, diversity in the target market ensures that the impact of any such change is minimised.

  
D G Brett  
Date: 26 MARCH 2018

For and on behalf of Future Inns, Plymouth GP, Limited as General Partner, and also on behalf of Future Inns, Plymouth General Partner, Limited Partnership which has been delegated to carry out certain of the duties of the General Partner.

**FUTURE INNS, PLYMOUTH, LIMITED PARTNERSHIP**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS**  
**YEAR ENDED 31 DECEMBER 2017**

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**Opinion**

We have audited the financial statements of Future Inns, Plymouth, Limited Partnership (the 'qualifying partnership') for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Partners' Capital and the 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).

This report is made solely to the qualifying partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to qualifying partnerships. Our audit work has been undertaken so that we might state to the qualifying partnership'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 qualifying partnership and the qualifying partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion, the financial statements:

- give a true and fair view of the state of the qualifying partnership's affairs as at 31 December 2017 and of its 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 as applied to qualifying partnerships.

**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 qualifying partnership 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 members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the qualifying partnership'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.

## **FUTURE INNS, PLYMOUTH, LIMITED PARTNERSHIP**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS (continued)**

**YEAR ENDED 31 DECEMBER 2017**

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#### **Other information**

The other information comprises the information included in the Strategic Report and Report on behalf of the General Partner, other than the financial statements and our auditor's report thereon. The members are responsible for the other information. 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.

#### **Opinion on other matters prescribed by the Companies Act 2006 as applied to qualifying partnerships**

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

- the information given in the Strategic Report and Report on behalf of the General Partner for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Report on behalf of the General Partner 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 qualifying partnership and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Report on behalf of the General Partner.

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

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

#### **Responsibilities of the General Partner**

As explained more fully in the Statement of General Partner's Responsibilities set out on page 2, the General Partner is 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 General Partner determines 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 General Partner is responsible for assessing the qualifying partnership'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 members either intend to liquidate the qualifying partnership or to cease operations, or have no realistic alternative but to do so.

**FUTURE INNS, PLYMOUTH, LIMITED PARTNERSHIP**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS (continued)**

**YEAR ENDED 31 DECEMBER 2017**

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***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: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

*Nexia Smith & Williamson*

Kelly Jones  
Senior Statutory Auditor, for and on behalf of  
**Nexia Smith & Williamson**  
Statutory Auditor  
Chartered Accountants

Portwall Place  
Portwall Lane  
Bristol  
BS1 6NA

Date: *27 March 2018*

**FUTURE INNS, PLYMOUTH, LIMITED PARTNERSHIP**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**YEAR ENDED 31 DECEMBER 2017**

		Year ended 31 Dec 17 £	Year ended 31 Dec 16 £
<b>REVENUE</b>	<b>Page 8</b>	<u>3,665,221</u>	<u>3,431,277</u>
<b>EXPENSES</b>			
Controllable expenses	<b>Page 8</b>	(1,499,368)	(1,449,498)
Management and franchise fee		(185,215)	(172,865)
Payroll expenses	<b>Page 9</b>	(963,631)	(934,223)
Business rates		(119,072)	(98,704)
		<u>(2,767,286)</u>	<u>(2,655,290)</u>
<b>PROFIT BEFORE INTEREST, FAIR VALUE MOVEMENTS, IMPAIRMENT AND DEPRECIATION</b>		897,935	775,987
Depreciation		(51,219)	(50,169)
Fair value movement		(25,009)	(510,799)
<b>PROFIT BEFORE INTEREST</b>		<u>821,707</u>	<u>215,019</u>
Interest on long term debt	*	(145,917)	(162,069)
<b>PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>675,790</u>	<u>52,950</u>
<b>GENERAL PARTNER'S SHARE OF TOTAL COMPREHENSIVE INCOME</b>		<u>-</u>	<u>-</u>
<b>LIMITED PARTNERS' SHARE OF TOTAL COMPREHENSIVE INCOME</b>		<u>675,790</u>	<u>52,950</u>

\* The interest charged to the statement of comprehensive income is reflected exclusive of amounts paid under the interest rate swap agreement. As detailed in the statement of cash flows on page 12, total interest paid during the year amounted to £411,025 (2016: £427,089). Interest paid under the swap arrangement of £265,108 (2016: £265,020) has been deducted from the derivative financial liability reported at fair value in the statement of financial position. The residual fair value movement is reported above. On incorporation of the interest payment under the swap arrangement and on elimination of the associated fair value movement, total comprehensive income for the year amounts to £435,691 (2016: £298,729).

**FUTURE INNS, PLYMOUTH, LIMITED PARTNERSHIP**  
**DETAILED BREAKDOWN OF INCOME AND EXPENSES**  
**YEAR ENDED 31 DECEMBER 2017**

<b>REVENUE</b>	<b>Year ended 31 Dec 17 £</b>	<b>Year ended 31 Dec 16 £</b>
Room revenue	2,544,670	2,351,353
Restaurant revenue	925,281	880,315
Other revenue	61,751	54,848
Conference room revenue	133,519	144,761
	<u>3,665,221</u>	<u>3,431,277</u>
<b>EXPENSES</b>		
<b>Controllable expenses</b>		
Accounting and tax	16,307	14,091
Audit	10,970	11,725
Advertising	38,175	44,363
Food purchases	243,297	244,244
Beverage purchases	73,069	74,158
Consumable supplies	17,957	16,302
Cleaning supplies	38,013	33,833
Commission and credit searches	241,434	242,981
Dry cleaning and other guest services	51,582	50,062
IT services	72,274	73,009
Electricity and gas	173,636	178,717
Insurance	30,017	30,100
Bank charges	28,986	29,650
Fire safety equipment	876	719
Licences	6,479	7,109
Dispense gas	1,883	2,239
Repairs and maintenance	73,146	55,611
Room supplies	35,088	29,088
Travel expenses	10,320	12,138
Telephone	6,825	6,929
Staff training	2,195	1,878
Legal and professional	61,159	28,435
Credit card charges	44,762	37,939
Conference supplies	17,325	21,662
Water rates	89,788	84,972
HQ costs	98,008	108,604
Health and safety	1,182	88
Recruitment, uniforms and contract labour	7,488	3,619
Sundry expenses	5,856	4,589
Bad debt charge	1,271	644
	<u>1,499,368</u>	<u>1,449,498</u>

**FUTURE INNS, PLYMOUTH, LIMITED PARTNERSHIP****DETAILED BREAKDOWN OF INCOME AND EXPENSES *(continued)*****YEAR ENDED 31 DECEMBER 2017**

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<b>Payroll expenses</b>	<b>Year ended 31 Dec 17 £</b>	<b>Year ended 31 Dec 16 £</b>
Hotel and restaurant wages	911,222	883,643
Hotel and restaurant NI	48,101	46,696
Hotel and restaurant pension	4,308	3,884
	<hr/> 963,631	<hr/> 934,223

The average number of employees during the year was as follows:

	<b>2017 No.</b>	<b>2016 No.</b>
Management and administration staff	14	13
Service staff	46	51
	<hr/> 60	<hr/> 64

**FUTURE INNS, PLYMOUTH, LIMITED PARTNERSHIP**

**STATEMENT OF FINANCIAL POSITION**

**31 DECEMBER 2017**

	Note	31 Dec 17 £	31 Dec 16 £
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	12,247,105	12,265,219
<b>CURRENT ASSETS</b>			
Inventories		14,387	14,933
Accounts receivable		61,326	39,153
Amounts due from related parties	7	11,220	7,687
Prepaid expenses		103,748	111,715
Cash at bank and in hand		139,020	233,321
		329,701	406,809
<b>TOTAL ASSETS</b>		<b>12,576,806</b>	<b>12,672,028</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Current portion of long-term debt	6	326,609	303,834
Derivative financial liability	6	237,001	260,354
Booking deposits		22,317	18,211
Accounts payable		162,012	135,838
Amounts due to related parties	7	901,480	897,839
Other taxes and social security costs		45,787	176,596
Other liabilities and accruals		278,202	280,632
Finance lease liability		13,843	-
		1,987,251	2,073,304
<b>NON-CURRENT LIABILITIES</b>			
Long-term debt	6	5,388,481	5,715,090
Derivative financial liability	6	1,400,684	1,617,430
Finance lease liability		15,896	-
		6,805,061	7,332,520
<b>TOTAL LIABILITIES</b>		<b>8,792,312</b>	<b>9,405,824</b>



**FUTURE INNS, PLYMOUTH, LIMITED PARTNERSHIP****STATEMENT OF FINANCIAL POSITION** *(continued)***31 DECEMBER 2017**

	Note	31 Dec 17 £	£	31 Dec 16 £	£
<b>LIMITED PARTNERS' CAPITAL</b>					
Capital account	9	6,000,000		6,000,000	
Income account					
- Balance brought forward		(2,734,796)		(2,742,746)	
- Share of profit		675,790		52,950	
- Cash distributions		(157,500)		(45,000)	
- Balance carried forward		(2,216,506)		(2,734,796)	
Total Limited Partners' Capital		3,783,494		3,265,204	
<b>GENERAL PARTNER'S CAPITAL</b>					
Capital account	9	1,000		1,000	
Income account		-		-	
Total General Partner's Capital		1,000		1,000	
<b>TOTAL EQUITY</b>		3,784,494		3,266,204	
		12,576,806		12,672,028	

These financial statements were approved and authorised for issue by the General Partner on 26 March 2018 and are signed on their behalf by:

D G Brett



For and on behalf of Future Inns, Plymouth GP, Limited as General Partner, and also on behalf of Future Inns, Plymouth General Partner, Limited Partnership which has been delegated to carry out certain of the duties of the General Partner.

Registration Number: LP010321

**FUTURE INNS, PLYMOUTH, LIMITED PARTNERSHIP**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED 31 DECEMBER 2017**

	Year ended 31 Dec 17 £	Year ended 31 Dec 16 £
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	781,425	835,520
<b>INVESTING ACTIVITIES</b>		
Purchase of tangible assets	(3,367)	(482)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	(3,367)	(482)
<b>FINANCING ACTIVITIES</b>		
Repayment of borrowings	(303,834)	(282,648)
Interest paid	(411,025)	(427,089)
Cash distribution	(157,500)	(45,000)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	(872,359)	(754,737)
<b>Net (decrease) / increase in cash and cash equivalents</b>	(94,301)	80,301
<b>Cash and cash equivalents at the beginning of the year</b>	233,321	153,020
<b>Cash and cash equivalents at the end of the year</b>	139,020	233,321
<b>CASH AND CASH EQUIVALENTS CONSISTS OF:</b>		
Cash at bank and in hand	139,020	233,321

**FUTURE INNS, PLYMOUTH, LIMITED PARTNERSHIP****STATEMENT OF CASH FLOWS** *(continued)***YEAR ENDED 31 DECEMBER 2017**

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**RECONCILIATION OF NET PROFIT TO NET CASH INFLOW  
FROM OPERATING ACTIVITIES**

	Year ended 31 Dec 17 £	Year ended 31 Dec 16 £
Net profit	675,790	52,950
Depreciation	51,219	50,169
Fair value movement on derivative financial instrument	25,009	510,799
Long-term interest expensed to statement of income	145,917	162,069
Decrease/(increase) in stocks	546	(902)
Increase in debtors	(17,738)	(4,304)
(Decrease)/increase in creditors	(99,318)	64,739
<b>Net cash inflow from operating activities</b>	<b>781,425</b>	<b>835,520</b>

**FUTURE INNS, PLYMOUTH, LIMITED PARTNERSHIP**  
**STATEMENT OF CHANGES IN PARTNERS' CAPITAL**  
**YEAR ENDED 31 DECEMBER 2017**

	Year ended 31 Dec 17 £	Year ended 31 Dec 16 £
<b>LIMITED PARTNERS' CAPITAL</b>		
<b>Balance at beginning of year</b>	3,265,204	3,257,254
<b>SHARE OF COMPREHENSIVE INCOME</b>	675,790	52,950
Cash distributions	3,940,994 (157,500)	3,310,204 (45,000)
<b>Balance at end of year</b>	<u>3,783,494</u>	<u>3,265,204</u>
Allocated as follows:		
Capital account	<u>6,000,000</u>	<u>6,000,000</u>
Income account	<u>(2,216,506)</u>	<u>(2,734,796)</u>
<b>GENERAL PARTNER'S CAPITAL</b>		
<b>Balance at beginning of year</b>	1,000	1,000
Receipt of capital	- <u>1,000</u>	- <u>1,000</u>
<b>SHARE OF COMPREHENSIVE INCOME</b>	- <u>1,000</u>	- <u>1,000</u>
Cash distributions	-	-
<b>Balance at end of year</b>	<u>1,000</u>	<u>1,000</u>
Allocated as follows:		
Capital account	<u>1,000</u>	<u>1,000</u>
Income account	<u>-</u>	<u>-</u>

Included within Limited Partners' capital is £1,637,685 (2016: £1,877,784) relating to fair value adjustments in respect of an interest rate swap arrangement. Further detail on this commitment is provided in note 6.

## **FUTURE INNS, PLYMOUTH, LIMITED PARTNERSHIP**

### **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2017**

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#### **1. DESCRIPTION OF BUSINESS**

Future Inns, Plymouth, Limited Partnership is a limited partnership formed under the Limited Partnership Act 1907, which runs a 143 room Future Inn with conference facilities and a restaurant in Plymouth, in the United Kingdom.

The registered office is Hemingway Road, Cardiff, CF10 4AU.

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **Basis of accounting**

These financial statements are prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

With the exception of derivative financial instruments which have been recognised at fair value through the statement of comprehensive income, the financial statements have been prepared under the historical cost convention in accordance with the Limited Partnership's accounting policies and the Partnership Agreement.

These financial statements reflect the operations of Future Inns, Plymouth, Limited Partnership. They do not include all the assets, liabilities and earnings of the partners. No provision has been made in these financial statements for income taxes, which are the responsibility of each partner.

##### **Going concern**

The financial statements are prepared on a going concern basis.

The partnership's forecasts and projections, taking account of possible changes in trading performance show that the partnership should be able to continue to operate within the level of its current facilities.

The general partner has a reasonable expectation that the partnership has adequate resources to continue operating and is prepared to defer payment of management and franchise fees to support the cash needs of the business and obtain funds from other Future Inns entities should it be required. Thus the financial statements have been prepared on the going concern basis of accounting.

##### **Revenue recognition**

The revenue shown in the Statement of Comprehensive Income represents amounts for goods sold and services provided during the period, exclusive of Value Added Tax.

##### **Property, plant and equipment and depreciation**

Property, plant and equipment is stated at the lower of cost net of depreciation and impairment charges.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset at the following annual rates:

Plant & Machinery	- 6.6%	straight line
Furniture & Fittings	- 12.5%	straight line

Long Leasehold Land has not been depreciated.

**FUTURE INNS, PLYMOUTH, LIMITED PARTNERSHIP**

**NOTES TO THE FINANCIAL STATEMENTS *(continued)***

**YEAR ENDED 31 DECEMBER 2017**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)***

**Property, plant and equipment and depreciation *(continued)***

No depreciation is provided on Capital Building & Improvements. It is the Limited Partnership's practice to maintain these assets in a continual state of sound repair. Accordingly the lives of these assets are so long, and residual values are so high, that their depreciation is insignificant. Moreover, costs incurred on repair and refurbishment programmes are written off to the Statement of Comprehensive Income as incurred.

Annual reviews for indicators of impairment are carried out by the General Partner and should an indicator be identified, a full impairment review is undertaken and a provision for impairment recognised in the financial statements where required.

The interest cost of debt attributable to the construction of the hotel has been capitalised during the construction period.

**Inventories**

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**Leases**

Where the partnership enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the statement of financial position as property, plant and equipment and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included within creditors.

All other leases are classified as operating with rentals payable under operating lease arrangements charged to statement of comprehensive income on a straight-line basis over the term of the lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

**Financial instruments**

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the partnership becomes a party to the contractual provisions of the instrument.

Trade and other receivables and payables are classified as basic financial instruments and measured at initial recognition at transaction price and, subsequently at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the partnership will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank and short-term bank deposits with an original maturity of three months or less.

Financial liabilities issued by the partnership are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability.

**FUTURE INNS, PLYMOUTH, LIMITED PARTNERSHIP**

**NOTES TO THE FINANCIAL STATEMENTS *(continued)***

**YEAR ENDED 31 DECEMBER 2017**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)***

**Financial instruments *(continued)***

Interest bearing bank loans and other loans which meet the criteria to be classified as basic financial instruments are initially recorded at the present value of cash payable to the bank, which is ordinarily equal to the proceeds received net of direct issue costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

Derivative financial instruments are initially recognised at fair value with subsequent movements in fair value recognised in profit or loss.

**3. KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS**

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period.

**Judgements**

**Financial instruments classification**

The classification of financial instruments as “basic” or “other” requires judgement as to whether all the applicable conditions for classification are met. This includes consideration of the form of the instrument and its return.

**Key sources of estimation uncertainty**

**Property, plant and equipment**

The property, plant and equipment used within the Limited Partnership have estimated useful lives between 8 and 15 years, with the exception of Long Leasehold Land and Capital building and improvements which are not depreciated as detailed in the accounting policy for Property, Plant and equipment. Overall net book value as at the year-end is £12,247,105 (2016: £12,265,219).

The depreciation charge is sensitive to the lives allocated to the asset. Asset lives are reviewed regularly and amended where necessary to reflect technological change, prospective economic utilisation and the physical condition of the assets. The total charge for the year was £51,219 (2016: £50,169).

**Impairment of assets**

Property, plant and equipment is reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount of an asset or cash-generating unit is determined based on value-in-use calculations incorporating management’s assumptions and estimates of discounted future cash flows. There are not considered to be any impairment indicators currently.

**FUTURE INNS, PLYMOUTH, LIMITED PARTNERSHIP****NOTES TO THE FINANCIAL STATEMENTS (continued)****YEAR ENDED 31 DECEMBER 2017****3. KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS (continued)****Valuation of derivative financial instruments**

Derivative financial instruments are carried at fair value which is calculated based on the future yield curve. Being prospective in nature, this is inherently judgemental and assumption driven. The fair value at year end was £1,637,685 (2016: £1,877,784), the fair value movement resulted in a charge though the Statement of Comprehensive Income of £25,009 (2016: £510,799) .

**4. MANAGEMENT AND FRANCHISE FEES**

In accordance with the License and Management agreement for the operation of the hotel management and franchise fees of £246,954 (2016: £230,486) were due to the General Partner for the year ended 31 December 2017.

The General Partner has waived 25% of the fees due from the partnership in respect of the year ended 31 December 2017 (2016: 25% waived).

**5. PROPERTY, PLANT AND EQUIPMENT**

	Long Leasehold Land £	Capital Building & Improvements £	Furniture, Fixtures & Plant & Machinery £	Total £
<b>COST</b>				
At 1 January 2017	1,183,989	10,830,277	2,593,386	14,607,652
Additions	-	-	33,105	33,105
At 31 December 2017	<u>1,183,989</u>	<u>10,830,277</u>	<u>2,626,491</u>	<u>14,640,757</u>
<b>DEPRECIATION</b>				
At 1 January 2017	-	-	2,342,433	2,342,433
Charge for the year	-	-	51,219	51,219
At 31 December 2017	<u>-</u>	<u>-</u>	<u>2,393,652</u>	<u>2,393,652</u>
<b>NET BOOK VALUE</b>				
At 31 December 2017	<u>1,183,989</u>	<u>10,830,277</u>	<u>232,839</u>	<u>12,247,105</u>
At 31 December 2016	<u>1,183,989</u>	<u>10,830,277</u>	<u>250,953</u>	<u>12,265,219</u>

The cost of capital building and improvements includes £524,525 (2016: £524,525) of capitalised interest costs during the construction period.

The net book value of assets held under finance lease arrangements, included above, is £32,074 (2016: £nil). The depreciation charged to the statement of comprehensive income in respect of these items is £357 (2016: £nil).



**FUTURE INNS, PLYMOUTH, LIMITED PARTNERSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED 31 DECEMBER 2017**

**6. LONG TERM DEBT**

Creditors include finance capital, which is due for repayment as follows:

	31 Dec 17 £	31 Dec 16 £
Amounts repayable:		
In one year or less	326,609	303,834
In more than one year but not more than two years	5,388,481	326,609
In more than two years but not more than five years	-	5,388,481
	<u>5,715,090</u>	<u>6,018,924</u>
Less: Current portion of long-term debt	(326,609)	(303,834)
	<u>5,388,481</u>	<u>5,715,090</u>

At 31 December 2017 the partnership had a bank loan repayable by instalments as disclosed above which bore interest at 2.2% above LIBOR p.a. (2016: 2.2% above LIBOR).

The partnership also has a long-term interest swap agreement in place with a termination date of 21 September 2031. This agreement is based upon a notional loan amount of £6m to exchange LIBOR for a maximum fixed rate of 5%. The fair value of this derivative financial instrument has been estimated using a valuation model based on the forecast yield curve. The split between the current and non-current element of this liability has been projected based on future cash flows. At 31 December 2017, £661,410 (2016: £781,966) is expected to be repayable in more than 5 years.

The bank loan is secured by an unlimited debenture incorporating a charge over the hotel of the partnership.

**7. RELATED PARTY TRANSACTIONS**

The General Partner is Future Inns, Plymouth General Partner, Limited Partnership.

At the year end, an amount of £6,985 (2016: £6,985) was owed by Future Inns, Plymouth General Partner, Limited Partnership in relation to one-off expenses borne on behalf of the partnership in previous years.

During the year shared expenses incurred by Future Inns, Cardiff, Limited Partnership were recharged to the partnership amounting to £71,749 (2016 - £45,323). The amount outstanding at the year-end owed to Future Inns, Cardiff, Limited Partnership was £7,195 (2016: £4,263). During the year shared expenses incurred by Future Inns, Bristol, Limited Partnership were recharged to the partnership amounting to £1,295 (2016 - £3,487). This balance was paid in full during the year.

During the year shared expenses were incurred by the Limited Partnership on behalf of Future Inns, Bristol, Limited Partnership and subsequently recharged amounting to £4,810 (2016 - £3,652). The amount outstanding at the year-end due from Future Inns, Bristol, Limited Partnership was £318 (2016: £nil). During the year shared expenses were incurred by the Limited Partnership on behalf of Future Inns, Cardiff, Limited Partnership and subsequently recharged amounting to £13,492 (2016 - £9,594). The amount outstanding at the year-end due from Future Inns, Cardiff, Limited Partnership was £3,918 (2016: £702).

## **FUTURE INNS, PLYMOUTH, LIMITED PARTNERSHIP**

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

#### **YEAR ENDED 31 DECEMBER 2017**

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#### **7. RELATED PARTY TRANSACTIONS *(continued)***

At the year end an amount of £12,338 (2016: £11,174) was owed to Future Inns, Plymouth GP Limited in relation to management and franchise fees. Management and franchise fees of £185,215 (2016: £172,865) were charged in the year.

An amount of £309,006 (2016: £309,006) remains unpaid at the year end to Future Inns, UK, Limited in respect of previous loans. Each of the above named entities is related by common management.

At 31 December 2017, the partnership owed £571,796 (2016: £571,796) to Marilyn Brett a partner within the General Partner entity, in relation to previous loans. At 31 December 2017, the partnership owed £1,145 (2016: £1,600) to Del Brett, a partner within the General Partner entity in relation to partnership expenses.

Cash distributions of £157,500 (2016: £45,000) were paid in the year to the Limited Partners relative to their capital investment in Future Inns, Plymouth, Limited Partnership. Included in this amount is £14,619 (2016 - £2,963) paid to Future Inns, UK Limited and £5,245 (2016 - £1,500) paid to 3068882 Nova Scotia Limited, a company wholly owned by Marilyn Brett, a partner within the General Partner entity.

The General Partner does not consider there to be an ultimate controlling party of the partnership.

#### **8. OPERATING LEASE COMMITMENTS**

At 31 December 2017, the Partnership has outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2017 £	2016 £
Within one year	32,432	32,432
In two to five years	70,270	102,703
	<u>102,702</u>	<u>135,135</u>

#### **9. PARTNERS' CAPITAL AND SHARING OF INCOME**

The interest of the limited partners in the partnership is divided into 6,000,000 units issued for £1 each. The General Partner has contributed £1,000 to the capital of the partnership.

The income and losses are allocated to the limited partners under the terms of the limited partnership agreement and are reduced by cash distributions. To the extent that net gains for the financial year, if any, on the sale of a capital asset do not exceed net income, the net gains are allocated 60% to the limited partners and 40% to the General Partner. The net income, less any net gains, are allocated, to the extent available, firstly to allocate an amount equal to a rate of return of 12% per annum of the balance credited to the limited partners' invested capital account with any remainder being allocated 60% to the limited partners and 40% to the General Partner.

A net loss in any financial year is allocated to the limited partners unless the net loss exceeds the amount which the limited partners are entitled under applicable law to deduct in a financial year as a consequence of a loss incurred by the partnership in that year, whereby the excess loss is allocated to the General Partner.

Movements in partners' capital accounts during the year are detailed on page 14.