
CAPE SIERRA HOLDING COMPANY (UK) LIMITED

UNAUDITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016



CAPE SIERRA HOLDING COMPANY (UK) LIMITED

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CAPE SIERRA HOLDING COMPANY (UK) LIMITED
REGISTERED NUMBER: 07358414

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	2016 \$	<i>As restated*</i> 2015 \$
Fixed assets			
Investments	5	11,699,218	9,350,382
Current assets			
Debtors	6	7,867,599	3,527,525
Creditors: amounts falling due within one year	7	(1,055)	(1,055)
Net current assets		<u>7,866,544</u>	<u>3,526,470</u>
Total assets less current liabilities		<u>19,565,762</u>	<u>12,876,852</u>
Creditors: amounts falling due after more than one year	8	(7,866,563)	(3,526,489)
Net assets		<u><u>11,699,199</u></u>	<u><u>9,350,363</u></u>
Capital and reserves			
Called up share capital		3	3
Capital contribution reserve	10	6,109,104	5,613,197
Other reserves	10	5,590,092	3,737,163
Shareholders' funds		<u><u>11,699,199</u></u>	<u><u>9,350,363</u></u>

CAPE SIERRA HOLDING COMPANY (UK) LIMITED
REGISTERED NUMBER: 07358414

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2016

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

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

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime in accordance with the provisions of FRS102 Section 1A - small entities.

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

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

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


W K Aki-Sawyer
Director

Date: 13/01/18

The notes on pages 4 to 11 form part of these financial statements.

*See notes 11 & 15

CAPE SIERRA HOLDING COMPANY (UK) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital	Capital contribution	Other reserves	Total equity
	\$	\$	\$	\$
At 1 January 2016	3	5,613,197	3,737,163	9,350,363
Movement on other reserves: equity component of convertible debt instrument	-	-	1,852,929	1,852,929
Capital contribution during the year	-	495,907	-	495,907
At 31 December 2016	3	6,109,104	5,590,092	11,699,199

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Called up share capital	Capital contribution	Other reserves	Profit and loss account	Total equity
	\$	\$	\$	\$	\$
At 1 January 2015 (as previously stated)	3	-	-	83,540	83,543
Prior year & FRS102 adjustments	-	5,613,197	3,488,019	(83,540)	9,017,676
At 1 January 2015 (as restated)	3	5,613,197	3,488,019	-	9,101,219
Movement on other reserves: equity component of convertible debt instrument	-	-	249,144	-	249,144
At 31 December 2015	3	5,613,197	3,737,163	-	9,350,363

The notes on pages 4 to 11 form part of these financial statements.

CAPE SIERRA HOLDING COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. General information

Cape Sierra Holding Company (UK) Limited is a private company limited by shares, incorporated in England and Wales. The address of the registered office is 25 Moorgate, London, EC2R 6AY.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

Information on the impact of first-time adoption of FRS 102 is given in note 15.

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

These financial statements are the first financial statements of the company 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 first date at which FRS 102 was applied was 1 January 2015. The company prepared its financial statements in the previous year in accordance with the FRSSE (2015).

In accordance with FRS 102 the company has:

- provided comparable information;
- applied the same accounting policies throughout all periods presented; and
- retrospectively applied FRS 102 as required.

The following principal accounting policies have been applied:

2.2 Going concern

The statement of financial position is showing a net assets position of \$11,699,199. The directors have confirmed that they will support the group until construction completion. The directors have produced forecasts and are satisfied that there are sufficient resources to continue in operational existence for the foreseeable future. The accounts have therefore been prepared on the going concern basis.

2.3 Exemption from preparing consolidated financial statements

The company is the parent undertaking of a small group and as such is not required by the Companies Act 2006 to prepare group accounts. These financial statements therefore present information about the company as an individual undertaking and not about its group.

2.4 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

CAPE SIERRA HOLDING COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.5 Financial instruments

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

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

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

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

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

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

2.6 Convertible debt

The proceeds received on issue of the Company's convertible debt are allocated into their liability and equity components and presented separately in the Statement of financial position.

The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that did not include an option to convert.

The difference between the net proceeds of the convertible debt and the amount allocated to the debt component is credited direct to equity and is not subsequently remeasured. On conversion, the debt and equity elements are credited to share capital and share premium as appropriate.

Transaction costs that relate to the issue of the instrument are allocated to the liability and equity components of the instrument in proportion to the allocation of proceeds.

CAPE SIERRA HOLDING COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.7 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is USD.

On transition to FRS102 the company changed its functional currency from GBP to USD. The directors determined the functional currency of the company to be USD on the basis that funds from financing activities are generated in USD. The company does not generate funds from operating activities and does not generate or expend cash, therefore the primary activities of the company are the issue of debt and equity instruments in USD.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2.8 Interest payable

Interest payable represents imputed interest on a convertible debt from a third party.

2.9 Interest receivable

Interest receivable represents the unwinding of the discount on a loan to a group company that has been accounted for as a financing transaction.

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

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 reported amounts of revenues and expenses during the reporting period.

Debtors due after more than one year included within the accounts at \$7,866,563 (2015 - \$3,526,489) and convertible debt included in the accounts at \$7,866,563 (2015 - \$3,526,489) are considered to constitute financing transactions as per notes 2.5 and 2.6 and are therefore included after deducting an imputed market rate of interest as estimated by the directors.

CAPE SIERRA HOLDING COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

4. Employees

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

2016 No.	2015 No.
4	4

5. Fixed asset investments

	Investments in subsidiary companies \$
Cost or valuation	
At 1 January 2016 (as restated*)	9,350,382
Additions	2,348,836
At 31 December 2016	11,699,218
Net book value	
At 31 December 2016	11,699,218
At 31 December 2015 (as restated*)	9,350,382

*See notes 11 & 15

CAPE SIERRA HOLDING COMPANY (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

6. Debtors

	2016 \$	<i>As restated*</i> 2015 \$
Due after more than one year		
Amounts owed by group undertakings	7,866,563	3,526,489
Due within one year		
Amounts owed by group undertakings	1,036	1,036
	<u>7,867,599</u>	<u>3,527,525</u>

*See notes 11 & 15

7. Creditors: Amounts falling due within one year

	2016 \$	2015 \$
Amounts owed to group undertakings	<u>1,055</u>	<u>1,055</u>

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

	2016 \$	2015 \$
Convertible debt	<u>7,866,563</u>	<u>3,526,489</u>

Convertible debt

The \$7,866,563 (2015 - \$3,526,489) of convertible debt shown in creditors due in more than one year relates to a third party loan of \$11,083,330 (2015 - \$6,250,000). The loan agreement provides that on the completion date of the Hilton Freetown Cape Sierra Hotel the loan may be converted into shares or be repaid.

9. Share capital

	2016 \$	2015 \$
Shares classified as equity		
Allotted, called up and partly paid		
200 Ordinary shares of £0.01 each	<u>3</u>	<u>3</u>

CAPE SIERRA HOLDING COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

10. Reserves

Capital contribution

This reserve relates to loans from shareholders treated as capital contributions.

Other reserves

This balance represents the equity component of the convertible debt instrument.

11. Prior year adjustment

The financial statements for the year ended 31 December 2015 have been restated to remove capital contributions from the parent company of \$81,797 (£53,462) and an investment in the subsidiary company of the same amount to correctly reflect the position at that time. This adjustment has not affected the profit and loss account.

The financial statements for periods prior to 1 January 2015 have been restated to remove capital contributions from the parent company of \$263,603 (£168,976) and an investment in the subsidiary company of the same amount to correctly reflect the position at that time. This adjustment has not affected the profit and loss account.

The financial statements for periods prior to 1 January 2015 have been restated to correct a loan balance due from a subsidiary company. This adjustment has decreased amounts owed by group undertakings by \$7,398 (£4,742) and decreased capital contribution reserve by the same amount. This adjustment has not affected the profit and loss account.

The financial statements for periods prior to 1 January 2015 have been restated to reclassify a loan balance due from a subsidiary company as a fixed asset investment. This adjustment has decreased amounts owed by group undertakings at 1 January 2015 by \$5,613,197 (£3,532,031) and increased investments by the same amount. This adjustment has not affected the profit and loss account.

Overall net assets at 31 December 2015 have decreased by \$352,798 (£227,180) and the profit and loss account has not been affected.

12. Other financial commitments

The company is acting as guarantor to a subsidiary company, registered in Sierra Leone, in respect of a \$35 million bank loan granted on 1 August 2011. The guarantee is secured on the company's shareholding in that subsidiary company.

CAPE SIERRA HOLDING COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

13. Related party transactions

During the year, the ultimate parent undertaking loaned the company \$495,907 (2015 - \$Nil). This loan has been accounted for as a capital contribution. At the year end, the company owed the ultimate parent undertaking \$6,106,103 (2015 - \$5,613,197).

During the year, the company loaned \$495,907 (2015 - \$Nil) to a subsidiary company registered in Sierra Leone. This loan has been accounted for as an investment. At the year end, the subsidiary owed the company \$6,106,103 (2015 - \$5,613,197).

During the year, the company loaned \$4,833,332 (2015 - £Nil) to a subsidiary company registered in Sierra Leone. This loan has been accounted for as a financing transaction. At the year end the subsidiary company owed the company the nominal amount of \$11,083,330 (2015 - \$6,249,998).

The directors received no emoluments during the year.

14. Ultimate parent undertaking

The ultimate parent undertaking is International Development Enterprise Associates (UK) Limited, a company incorporated in the UK, by virtue of its 95% shareholding of the company.

CAPE SIERRA HOLDING COMPANY (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

15. First time adoption of FRS 102

The Company transitioned to FRS 102 from previously extant UK GAAP as at 1 January 2015. The impact of the transition to FRS 102 is as follows:

Reconciliation of equity at 1 January 2015

	Note	\$
Equity at 1 January 2015 under previous UK GAAP		8,775,176
Transitional adjustment 1		326,043
		<hr/>
Equity shareholders funds at 1 January 2015 under FRS 102		9,101,219
		<hr/> <hr/>

Reconciliation of equity at 31 December 2015

	Note	\$
Equity at 31 December 2015 under previous UK GAAP		8,336,709
Transitional adjustment 1		1,013,654
		<hr/>
Equity shareholders funds at 31 December 2015 under FRS 102		9,350,363
		<hr/> <hr/>

On transition to FRS102 the company changed its functional currency from GBP to USD. The directors determined the functional currency of the company to be USD on the basis that funds from financing activities are generated in USD. The company does not generate funds from operating activities and does not generate or expend cash, therefore the primary activities of the company are the issue of debt and equity instruments in USD.

The following were changes in accounting policies arising from the transition to FRS 102:

- 1 The changes to previously reported profit and equity, relate to debtors due in more than one year discounted to reflect the time value of cashflows.