

Registered number  
07550725

Safestay (Elephant & Castle) Limited

Report and Financial Statements

31 December 2015

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**Safestay (Elephant & Castle) Limited**  
**Report and accounts**  
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**Safestay (Elephant & Castle) Limited**  
**Registered number:** 07550725  
**Directors' Report**

The directors present their report and financial statements for the year ended 31 December 2015.

**Principal activities**

The company's principal activity during the period was the operation of the Safestay hostel in Elephant & Castle.

**Dividends**

The directors do not recommend payment of a dividend (2014: £345,000).

**Directors**

The following persons served as directors during the year:

L G Lipman  
P J Houghton (appointed 8 October 2015)  
C M Stone (resigned 11 November 2015)

**Directors' responsibilities**

The directors are responsible for preparing the report and 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 (Financial Reporting Standard 102 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 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 judgements and 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 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.

**Safestay (Elephant & Castle) Limited**  
**Registered number:** 07550725  
**Directors' Report**

**Disclosure of information to auditors**

Each person who was a director at the time this report was approved confirms that:

- so far as he is aware, there is no relevant audit information of which the company's auditor is unaware; and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

**Auditor**

The auditor Grant Thornton UK LLP was reappointed on 7 June 2016.

In preparing this report, the directors have taken advantage of the small companies exemption provided by section 415A of the Companies Act 2006.

This report was approved by the board on 29 September 2016 and signed on its behalf.



L G Lipman  
Director

**Safestay (Elephant & Castle) Limited**  
**Independent auditors' report**  
**to the member of Safestay (Elephant & Castle) Limited**

We have audited the financial statements of Safestay (Elephant & Castle) Limited for the year ended 31 December 2015 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 auditors' 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.

**Respective responsibilities of directors and auditors**

As explained more fully in the statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the accounts**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate)

**Opinion on the accounts**

In our opinion the accounts:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

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, or returns adequate for our audit have not been received
- the accounts 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.
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Directors' Report



Philip Westerman  
(Senior Statutory Auditor)  
for and on behalf of  
Grant Thornton UK LLP  
Statutory Auditors  
29 September 2016

Grant Thornton House  
Melton Street  
London  
NW1 2EP

**Safestay (Elephant & Castle) Limited**  
**Income Statement**  
**for the year ended 31 December 2015**

	<b>Notes</b>	<b>2015 £</b>	<b>2014 £</b>
<b>Turnover</b>	2	2,433,858	2,314,537
Cost of sales		(241,722)	(236,332)
<b>Gross profit</b>		<u>2,192,136</u>	<u>2,078,205</u>
Administrative expenses		(1,629,112)	(1,659,069)
<b>Operating profit</b>	3	<u>563,024</u>	<u>419,136</u>
<b>Profit on ordinary activities before taxation</b>		<u>563,024</u>	<u>419,136</u>
Tax on profit on ordinary activities	5	34,845	(29,146)
<b>Profit for the financial year</b>	12	<u>597,869</u>	<u>389,990</u>

The notes on pages 8-12 form part of the financial statements

The operating result for the period is derived from continuing operations in the United Kingdom.

**Safestay (Elephant & Castle) Limited**  
**Statement of comprehensive income**  
**for the year ended 31 December 2015**

	<b>Notes</b>	<b>2015</b> <b>£</b>	<b>2014</b> <b>£</b>
<b>Profit for the financial year</b>		597,869	389,990
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the year</b>		<u>597,869</u>	<u>389,990</u>

The notes on pages 8-12 form part of the financial statements

**Safestay (Elephant & Castle) Limited**  
**Statement of Financial Position**  
**as at 31 December 2015**

**Registered number: 07550725**

	Notes	2015 £	2014 £
<b>Fixed assets</b>			
Tangible assets	6	14,705	46,834
<b>Current assets</b>			
Stocks	7	3,008	4,162
Debtors	8	984,249	78,286
Cash at bank and in hand		291,398	312,346
		<u>1,278,655</u>	<u>394,794</u>
<b>Creditors: amounts falling due within one year</b>	9	(693,357)	(439,494)
<b>Net current assets/(liabilities)</b>		<u>585,298</u>	<u>(44,700)</u>
<b>Net assets</b>		<u>600,003</u>	<u>2,134</u>
<b>Capital and reserves</b>			
Called up share capital	11	1	1
Profit and loss account	12	600,002	2,133
<b>Equity attributable to the shareholder</b>		<u>600,003</u>	<u>2,134</u>

These financial statements were approved by the Board of Directors and authorised for issue on 29 September 2016



L G Lipman  
 Director

The notes on pages 8-12 form part of the financial statements



**Safestay (Elephant & Castle) Limited**  
**Statement of Changes in Equity**  
**for the year ended 31 December 2015**

	Share capital	Profit and loss account	Total
	£	£	£
<b>At 1 January 2014</b>	1	(42,857)	(42,856)
Profit for the financial period	-	389,990	389,990
Other comprehensive loss for the financial year	-	-	-
Total comprehensive income for the financial year	-	389,990	389,990
Dividends		(345,000)	(345,000)
Total transactions with owners	-	(345,000)	(345,000)
<b>At 31 December 2014</b>	1	2,133	2,134
<b>At 1 January 2015</b>	1	2,133	2,134
Profit for the financial year	-	597,869	597,869
Other comprehensive income for the financial year	-	-	-
Total comprehensive income for the financial year	-	597,869	597,869
Total transactions with owners	-	-	-
<b>At 31 December 2015</b>	1	600,002	600,003

The notes on pages 8-12 form part of the financial statements

**Safestay (Elephant & Castle) Limited**  
**Notes to the Accounts**  
**for the year ended 31 December 2015**

**1 Summary of significant accounting policies**

***Basis of preparation***

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

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

The following principal accounting policies have been applied:

***Financial reporting standard 102 - reduced disclosure exemptions***

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland:

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);

This information is included in the consolidated financial statements of Safestay plc as at 31 December 2015 and these financial statements may be obtained from 1a Kingsley Way, London N2 0FW.

***Going Concern***

The directors have, at the time of approving the financial statements, a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future.

***Turnover***

Revenue is stated net of VAT and comprises revenues from overnight hostel accommodation, income from the rental of student accommodation during the academic year and the sale of ancillary goods and services. Accommodation and the sale of ancillary goods and services is recognised when provided.

The sale of ancillary goods comprises sales of food, beverages and merchandise.

Deferred income comprises deposits received from customers to guarantee future bookings of accommodation. This is recognised as revenue once the bed has been occupied.

***Tangible fixed assets***

Tangible fixed assets are measured at cost less accumulative depreciation and any accumulative

Fixtures, fittings, tools and equipment	over 3 years
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***Stocks***

Stock is stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price.

**Safestay (Elephant & Castle) Limited**  
**Notes to the Accounts**  
**for the year ended 31 December 2015**

**Debtors**

Short term debtors are measured at transaction price (which is usually the invoice price), less any impairment losses for bad and doubtful debts.

Loans and other financial assets are initially recognised at transaction price including any transaction costs and subsequently measured at amortised cost determined using the effective interest method, less any impairment losses for bad and doubtful debts.

**Creditors**

Short term creditors are measured at transaction price (which is usually the invoice price).

Loans and other financial liabilities are initially recognised at transaction price net of any transaction costs and subsequently measured at amortised cost determined using the effective interest method.

**Taxation**

A current tax liability is recognised for the tax payable on the taxable profit of the current and past periods. A current tax asset is recognised in respect of a tax loss that can be carried back to recover tax paid in a previous period.

Deferred tax is recognised in respect of all timing differences between the recognition of income and expenses in the financial statements and their inclusion in tax assessments.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference, except for revalued land and investment property where the tax rate that applies to the sale of the asset is used.

Current and deferred tax assets and liabilities are not discounted.

**Judgments in applying accounting policies and key sources of estimation uncertainty**

There were no areas of financial information where the directors have been required to exercise significant judgements.

<b>2 Analysis of turnover</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Accommodation and sale of ancillary goods and services	<u>2,433,858</u>	<u>2,314,537</u>
By geographical market: UK	<u>2,433,858</u>	<u>2,314,537</u>
<b>3 Operating loss</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
This is stated after charging:		
Depreciation of owned fixed assets	36,111	50,004
Auditors' remuneration for audit services	<u>5,650</u>	<u>6,000</u>

**Safestay (Elephant & Castle) Limited**  
**Notes to the Accounts**  
**for the year ended 31 December 2015**

<b>4 Staff costs</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Wages and salaries	557,217	576,361
Social security costs	46,433	49,561
	<u>603,650</u>	<u>625,922</u>

<b>Average number of employees during the year</b>	<b>Number</b>	<b>Number</b>
Administration	<u>28</u>	<u>38</u>

<b>5 Taxation</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
<b>Analysis of charge in period</b>		
Current tax:		
UK corporation tax on profits of the period	-	37,154
Adjustments in respect of previous periods	(33,522)	-
	<u>(33,522)</u>	<u>37,154</u>
Deferred tax:		
Origination and reversal of timing differences	(2,207)	(8,008)
Effect of increased tax rate on opening liability	884	-
	<u>(1,323)</u>	<u>(8,008)</u>
 Tax on profit on ordinary activities	 <u>(34,845)</u>	 <u>29,146</u>

**Factors affecting tax charge for period**

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before tax	<u>563,024</u>	<u>419,136</u>
Standard rate of corporation tax in the UK	20.25%	21.5%
	<b>£</b>	<b>£</b>
Loss on ordinary activities multiplied by the standard rate of corporation tax	114,012	90,114
Effects of:		
Expenses not deductible for tax purposes	(5,369)	(3,960)
Capital allowances for period in excess of depreciation	-	(8,008)
Group tax losses utilised	(110,850)	(49,000)
Adjustments to tax charge in respect of previous periods	(33,522)	-
Deferred tax rate difference	884	-
 Current tax credit for period	 <u>(34,845)</u>	 <u>29,146</u>

**Safestay (Elephant & Castle) Limited**  
**Notes to the Accounts**  
**for the year ended 31 December 2015**

**6 Tangible fixed assets**

	Fixtures, fittings and equipment £
<b>Cost or valuation</b>	
At 1 January 2015	166,252
Additions	3,982
At 31 December 2015	<u>170,234</u>
<b>Depreciation</b>	
At 1 January 2015	119,418
Charge for the year	36,111
At 31 December 2015	<u>155,529</u>
<b>Net Book Value</b>	
At 31 December 2015	<u>14,705</u>
At 31 December 2014	<u>46,834</u>

<b>7 Stocks</b>	<b>2015</b> £	<b>2014</b> £
Finished goods and goods for resale	<u>3,008</u>	<u>4,162</u>

<b>8 Debtors</b>	<b>2015</b> £	<b>2014</b> £
Amounts owed by group undertakings and undertakings in which the company has a participating interest	916,250	-
Deferred tax asset (see note 10)	9,331	8,008
Prepayments and accrued income	58,668	70,278
	<u>984,249</u>	<u>78,286</u>

<b>9 Creditors: amounts falling due within one year</b>	<b>2015</b> £	<b>2014</b> £
Trade creditors	52,489	17,798
Amounts owed to group undertakings and undertakings in which the company has a participating interest	382,282	91,111
Corporation tax	-	33,521
Other taxes and social security costs	79,557	82,950
Amounts owed to associated undertakings	17,730	17,730
Accruals and deferred income	161,299	196,384
	<u>693,357</u>	<u>439,494</u>

**Safestay (Elephant & Castle) Limited**  
**Notes to the Accounts**  
**for the year ended 31 December 2015**

<b>10 Deferred taxation</b>			<b>2015</b>	<b>2014</b>
			<b>£</b>	<b>£</b>
Accelerated capital allowances			<u>(9,331)</u>	<u>(8,008)</u>
			<b>2015</b>	<b>2014</b>
			<b>£</b>	<b>£</b>
At 1 January			(8,008)	-
Credited to profit and loss account			(1,323)	(8,008)
At 31 December			<u>(9,331)</u>	<u>(8,008)</u>
<b>11 Share capital</b>	<b>Nominal value</b>	<b>2015 Number</b>	<b>2015 £</b>	<b>2014 £</b>
Allotted, called up and fully paid:				
Ordinary shares	£1 each	1	<u>1</u>	<u>1</u>
<b>12 Profit and loss account</b>			<b>2015</b>	<b>2014</b>
			<b>£</b>	<b>£</b>
At 1 January			2,133	(42,857)
Profit for the financial year			597,869	389,990
Dividends			-	(345,000)
At 31 December			<u>600,002</u>	<u>2,133</u>

**13 First time adoption of FRS 102**

The policies applied under the company's previous accounting framework are not materially different from FRS 102 and have not impacted on equity or profit or loss.

**14 Controlling party**

Safestay plc is the company's ultimate parent company and heads the smallest and largest group into which the results of the company are consolidated. Safestay plc is incorporated in Great Britain and registered in England and Wales.

Copies of the Safestay plc group accounts are available from the Company Secretary, 1a Kingsley Way, London, N2 0FW.

The company has taken advantage of the exemption from disclosing related party transactions under FRS 102 being a wholly owned subsidiary of the Safestay plc group.