Bluestone Resorts Holdings Limited

Directors' report and consolidated financial statements

Registered number 08435581

For the period ended 2 January 2014

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Company information

Directors

N Evans
JW McNamara
P Joseph
HV Stevens
AC Probert

Secretary

F Atkins

Company number

08435581

Registered office

The Grange
Canaston Wood
Narberth
Pembrokeshire
SA67 8DE

Auditor

KPMG LLP
3 Assembly Square
Britannia Quay
Cardiff
CF10 4AX

Solicitors

Acuity Legal Limited
3 Assembly Square
Britannia Quay
Cardiff
CF10 4PL

Strategic Report

The Strategic Report prepared in accordance with The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013:

Business review

The group comprises the company and its principal subsidiary undertaking, Bluestone Resorts Group Limited.

The company was incorporated on 7 March 2013.

On 8 July 2013 the company acquired 100% of the shares in Bluestone Resorts Group Limited, the parent company to Bluestone Resorts Limited. At the same time, the group refinanced all loans and overdrafts, together with accrued interest (totalling £64 million) due to the previous shareholders (Lloyds Banking Group Plc and Finance Wales) which were replaced with funds of £12.5 million introduced by the new investors.

The refinancing undoubtedly caused considerable disruption during the year, but the Directors are satisfied with the progress made in developing the resort, and in maintaining momentum in its ambition to become Britain's favourite short break destination.

Key performance indicators

Key performance indicators include turnover and level of profitability, information for which is set out in the profit and loss account on page 8.

The Group continues to make steady progress in improving its operational and financial performance despite the challenging economic conditions, with occupancy rates increasing from 79% in 2012 to 89% in 2013 and average secondary spend (restaurants, retail and leisure) per guest per day increasing from £20.85 to £22.19 (inclusive of VAT).

Principal risks and uncertainties

The group provides high quality self-catering accommodation and associated facilities in a National Park location in Pembrokeshire. It is dependent upon the demand for short term leisure breaks from customers, predominantly families living within a 4 to 5 hours' drive time from the resort. The activities of larger competitors targeting the same market for leisure breaks in both the UK and abroad can have an adverse impact on the bookings, however, continued focus on customer satisfaction and feedback, coupled with strong marketing and product differentiation should help mitigate this risk.

Financial risk management

The group's operations expose it to a variety of financial risks that include the effects of changes in debt market prices, credit risk, liquidity risk and interest rate risk. The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group by monitoring levels of debt finance and the related finance costs.

Given the size of the group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the group's finance department.

Price risk

There are on-going inflationary pressures on costs and, in particular, on the cost of food and beverage goods for resale. The group will continue to review the contracts held with its major suppliers and ensure that the best possible prices continue to be maintained. The group consumes a significant volume of electricity and has in place a rigorous process of managing consumption and uses an energy broker to assist in obtaining the best possible prices for the supply of electricity.

Strategic Report *(continued)*

Credit risk

The majority of the group's customers are individuals who pay for their breaks in advance of arrival. On site food, beverages and activities can also be pre-purchased online, but the majority are paid for at the time of use. The group therefore has limited credit risk exposure to individual customers and does not carry out credit checks other than having card transactions authorised before acceptance.

In respect of corporate bookings, appropriate credit checks are carried out before bookings are accepted, but current policy requires non-refundable deposits to be paid for all bookings when initial reservations are made with the full amount due being required 30 days before arrival. This policy minimises the group's exposure to corporate credit risk.

Liquidity risk

On 8 July 2013 the company acquired Bluestone Resorts Group Limited, the parent company to Bluestone Resorts Limited.

At that date all bank loans and overdrafts, together with accrued interest (totalling £64 million) due to the previous shareholders, Lloyds Banking Group Plc and Finance Wales, were replaced with funds of £12.5 million introduced by the new investors. New banking arrangements have been put in place with Barclays Bank Plc. The group has in place detailed cash flow forecasting models which are updated weekly and enable it to manage cash flow in order to operate within the facility levels granted by lenders.

By order of the board

Neil Evans

N Evans
Director

22/9/14

The Grange
Canaston Wood
Narberth
Pembrokeshire
SA67 8DE

2014

Directors' Report

The directors present their directors' report and financial statements for the period ended 2 January 2014.

Principal activities

The principal activity of the company is as a holding company owning investments in subsidiary undertakings, and in providing management services to those undertakings.

The principal activity of the group is the operation and continued development of the Bluestone National Park Resort in Pembrokeshire, which offers 5 star, short break holidays all year round.

The company was incorporated on 7 March 2013. The company acquired 100% of the shares in Bluestone Resorts Group Limited on 8 July 2013. The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 2 January 2014. The results of subsidiary undertakings acquired in the period are included in the consolidated profit and loss account from the date of acquisition. There were no transactions prior to the acquisition of Bluestone Resorts Group Limited, therefore, the profit and loss account, cash-flow statement and associated notes represent the post acquisition results being a 6 month period to 2 January 2014.

Directors

The directors who held office during the year were as follows:

N Evans	(appointed 19 June 2013)
P Joseph	(appointed 19 June 2013)
JW McNamara	(appointed 19 June 2013)
AC Probert	(appointed 19 June 2013)
HV Stevens	(appointed 19 June 2013)
IG Bartlett	(appointed 19 June 2013 and resigned 31 January 2014)
M&A Nominees Ltd	(appointed on incorporation and resigned 19 June 2013)
SR Berry	(appointed on incorporation and resigned 19 June 2013)

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

KPMG LLP was appointed as auditor during the period. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

Neil Evans

N Evans
Director

22/9/14

The Grange
Canaston Wood
Narberth
Pembrokeshire
SA67 8DE

2014

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

The directors are responsible for preparing the Strategic Report, 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 they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

KPMG

KPMG LLP

3 Assembly Square
Britannia Quay
Cardiff CF10 4AX
United Kingdom

Independent auditor's report to the members of Bluestone Resorts Holdings Limited

We have audited the financial statements of Bluestone Resorts Holdings Limited for the period ended 2 January 2014 set out on pages 8 to 25. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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 financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 2 January 2014 and of the group's profit for the period then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditor's report to the members of Bluestone Resorts Holdings Limited *(continued)*

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

Virginia Stevens (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
3 Assembly Square
Britannia Quay
Cardiff
CF10 4AX

1st October 2014

Consolidated Profit and Loss Account

for the period ended 2 January 2014

	Note	Period ended 2 January 2014 £000
Turnover	*1, 2*	**8,602**
Cost of sales		**(1,216)**
Gross profit		**7,386**
Administrative expenses		**(7,156)**
Operating profit		**230**
Interest payable and similar charges	*6*	**(17)**
Profit on ordinary activities before taxation	*3-5*	**213**
Tax on loss on ordinary activities	*7*	**-**
Profit for the financial period	*19*	**213**

All amounts relate to newly acquired operations in the period and are continuing operations.

The results above represent the total recognised gains and losses for the period. Accordingly, no separate statement of total recognised gains and losses has been prepared.

The notes on pages 12 to 25 form part of these financial statements.

Consolidated Balance Sheet
at 2 January 2014

	Note	2 January 2014 £000	£000
Fixed assets			
Intangible assets – negative goodwill	*8*		(18,157)
Tangible assets	*9*		34,458
			16,301
Current assets			
Stocks	*11*	273	
Debtors	*12*	592	
Cash at bank and in hand		257	
		1,122	
Creditors: amounts falling due within one year	*13*	(4,352)	
Net current liabilities			(3,230)
Total assets less current liabilities			13,071
Creditors: amounts falling due after more than one year	*14*		(12,848)
Provisions for liabilities	*15*		-
Net assets			223
Capital and reserves			
Called up share capital	*17*		10
Profit and loss account	*18*		213
Shareholders' funds	*19*		223

These financial statements were approved by the board of directors on 22nd Sept. 2014 and were signed on its behalf by:

Neil Evans

N Evans
Director

22/9/14

Company registered number: 08435581

The notes on pages 12 to 25 form part of these financial statements.

Company Balance Sheet
at 2 January 2014

	Note	2 January 2014 £000	£000
Fixed assets			
Investments	*10*		552
Current assets			
Debtors	*12*	-	
Cash at bank		5	
		5	
Creditors: amounts falling due within one year	*13*	-	
Net current assets			5
Total assets less current liabilities			557
Debtors: amounts recoverable after more than one year	*12*		12,324
Creditors: amounts falling due after more than one year	*14*		(12,648)
Net assets			233
Capital and reserves			
Called up share capital	*17*		10
Profit and loss account	*18*		223
Shareholders' funds	*19*		233

These financial statements were approved by the board of directors on 22nd Sept. 2014 and were signed on its behalf by:

Neil Evans

N Evans
Director

Company registered number: 08435581

The notes on pages 12 to 25 form part of these financial statements.

22/9/14

Consolidated Cash Flow Statement

for the period ended 2 January 2014

	Note	**Period ended 2 January 2014 £000**
Net cash outflow from operating activities	*20*	**(837)**
Returns on investments and servicing of finance	*21*	**(17)**
Capital expenditure and financial investment	*21*	**(564)**
Acquisitions and disposals	*21*	**(442)**
Cash outflow before financing		**(1,860)**
Financing	*21*	**1,264**
Decrease in cash in the period	*22*	**(596)**

Reconciliation of net cash flow to movement in net debt

	Note	**£000**
Decrease in cash in the period		**(596)**
Cash inflow from increase in debt		**(1,254)**
Change in net debt resulting from cash flows		**(1,850)**
Loans acquired with subsidiary		**(11,237)**
Other non-cash changes		**(157)**
Net debt at 2 January 2014	*22*	**(13,244)**

The notes on pages 12 to 25 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules.

Going concern

On 8 July 2013 the company acquired Bluestone Resorts Group Limited. At that date all bank loans and overdrafts, together with accrued interest (all totalling £64 million) due to the previous shareholders, Lloyds Banking Group Plc and Finance Wales, were replaced with funds of £12.5 million introduced by the new investors. The impact of this refinancing is very significant on the business in improving liquidity and providing working capital and development capital.

As at 2 January 2014, the group has net current liabilities of £3,230,000, although this reflects the seasonality of the business as a significant proportion relates to customer deposits in relation to advance bookings for the forthcoming season.

The directors have considered the basis of preparation of the financial statements and, based on the assessment of budgets and cash flow forecasts for at least twelve months from the date of signing of these financial statements, are satisfied the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the financial statements.

Basis of consolidation

The consolidated financial statements include the financial statements of Bluestone Resorts Holdings Limited and its subsidiary undertakings made up to 2 January 2014. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the period are included in the consolidated profit and loss account from the date of acquisition and up to the date of disposal.

Under section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

Turnover

Turnover comprises revenue recognised by the group in respect of goods and services supplied during the period, exclusive of Value Added Tax and trade discounts. Revenue in relation to accommodation services is recognised on guest arrival. Revenue in relation to activities, retail and dining services is recognised at point of service.

Negative goodwill

Negative goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. Negative goodwill arising on consolidation in respect of acquisitions is included within fixed assets and released to the profit and loss account in the periods in which the fair values of the non-monetary assets purchased on the same acquisition are recovered, whether through depreciation or sale.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% straight line
Motor vehicles	-	25% reducing balance
Fixtures and fittings	-	20% reducing balance

Notes *(continued)*

1 Accounting policies *(continued)*

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Pensions

The group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the group to the fund in respect of the year.

Government grants

Capital based government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the estimated useful economic lives of the assets to which they relate.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Stocks

Stocks are stated at the lower of cost and net realisable value. Net realisable value is the price at which the stock can be realised in the normal course of business after allowing for the costs of realisation. Provision is made, where necessary, for slow moving, obsolescent and defective stocks.

Investments

Investment in subsidiary undertaking is stated at cost less any amounts written off.

2 Turnover

The whole of the group's turnover is attributable to the provision of goods and services which fall within the Group's ordinary activities, stated net of value added tax.

The turnover is derived from the continuing activities of the Bluestone National Park Resort in Pembrokeshire.

All turnover arose within the United Kingdom.

Notes *(continued)*

3 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/(crediting):

	Period ended 2 January 2014 £000
Depreciation of tangible fixed assets	**540**
Amortisation of negative goodwill	**(209)**
Auditor's remuneration:	
Audit of these financial statements	**2**
Audit of financial statements of subsidiaries	**26**
Other services relating to taxation	**6**
Operating lease rentals:	
- land & buildings	**565**
- other	**10**
Amortisation of government grants	**(50)**

4 Staff numbers and costs

The average number of staff employed by the group, including directors, during the period was:

	Period ended 2 January 2014 No.
Site operations	**477**
Administration	**54**
	531

The aggregate payroll costs of the above were:

	Period ended 2 January 2014 £000
Wages and salaries	**3,369**
Social security costs	**206**
Other pension costs	**11**
	3,586

5 Remuneration of directors

	Period ended 2 January 2014 £000
Directors' emoluments	**216**
Company contributions to defined contribution pension schemes	**3**

Director's emoluments represent amounts paid in the period to the directors of Bluestone Resorts Holdings Limited. They were remunerated by subsidiary company, Bluestone Resorts Limited for their services to the Group as a whole.

The highest paid director received remuneration of £65,500. The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £Nil.

Notes *(continued)*

6 Interest payable and similar charges

	Period ended 2 January 2014 £000
On bank loans and overdrafts	17
	17

7 Taxation

Analysis of charge in the period

	Period ended 2 January 2014 £000
Current tax:	
UK corporation tax based on the results for the period	-
Total current tax	-
Deferred tax (see note 15):	
Origination and reversal of timing differences	-
Tax on profit on ordinary activities	-

Factors affecting the tax charge for the current period

The tax assessed on the profit on ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 23.25%, as explained below:

	Period ended 2 January 2014 £000
Current tax reconciliation	
Profit on ordinary activities before taxation	213
Current tax at 23.25%	50
Effects of:	
Amortisation of negative goodwill not allowable for tax purposes	(48)
Capital allowances for period in excess of depreciation	(12)
Other timing differences	10
Total current tax (see above)	-

Factors that may affect future current and total tax charges

The current UK tax rate that has been used for the period is a hybrid rate of 23.25%.

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the group's future tax charge accordingly.

Notes *(continued)*

8 Intangible fixed assets – negative goodwill

Group	**Negative Goodwill £000**
Cost	
On incorporation	-
Additions (note 16)	(18,366)
At 2 January 2014	(18,366)
Amortisation	
On incorporation	-
Amortisation for the period	209
At 2 January 2014	209
Net book value	
At 2 January 2014	**(18,157)**

9 Tangible fixed assets

Group	**Freehold property £000**	**Motor vehicles £000**	**Fixtures and fittings £000**	**Total £000**
Cost				
On incorporation	-	-	-	-
On acquisition 8 July 2013	41,471	95	4,560	46,126
Additions	33	24	507	564
At 2 January 2014	41,504	119	5,067	46,690
Depreciation				
On incorporation	-	-	-	-
On acquisition 8 July 2013	9,388	53	2,251	11,692
Charge for the period	208	5	327	540
At 2 January 2014	9,596	58	2,578	12,232
Net book value				
At 2 January 2014	**31,908**	**61**	**2,489**	**34,458**
On incorporation	-	-	-	-

Notes *(continued)*

10 Fixed asset investments

	Shares in group undertaking
Company	**£000**
Cost	
On incorporation	-
Additions (note 16)	552
At 2 January 2014	**552**

Details of the principal subsidiaries can be found under note 26.

All subsidiaries have been included in the consolidation.

11 Stocks

	2 January 2014	
	Group	Company
	£000	£000
Raw material and consumables	273	-
	273	-

12 Debtors

	2 January 2014	
	Group	Company
	£000	£000
Due within one year		
Trade debtors	11	-
Other debtors	41	-
Prepayments and accrued income	540	-
	592	-

	2 January 2014
	Company
	£000
Due after more than one year	
Amount owed by group undertakings	12,324
	12,324

Notes *(continued)*

13 Creditors: amounts falling due within one year

	2 January 2014 Group £000	2 January 2014 Company £000
Bank loans and overdrafts	853	-
Trade creditors	1,015	-
Social security and other taxes	52	-
Other creditors	11	-
Accruals and deferred income	2,421	-
	4,352	-

14 Creditors: amounts falling due after more than one year

	2 January 2014 Group £000	2 January 2014 Company £000
Shareholder loan notes	12,491	12,491
Other creditors	157	157
Government grant (deferred income)	200	-
	12,848	12,648

Included within the above are amounts falling due as follows:

	2 January 2014 Group £000	2 January 2014 Company £000
Over five years:		
Shareholder loan notes	12,491	12,491
Other creditors	157	157
	12,648	12,648

Shareholder loan notes are repayable by 8 July 2023 or earlier on the occurrence of an exit or acceleration event. No interest is payable by the company on the loan notes.

Other creditors are amounts due to the directors in relation to the acquisition of Bluestone Resorts Group Limited during the period. These amounts are payable on the same terms as the shareholder loan notes and no interest is payable.

Notes *(continued)*

15 Deferred taxation

No deferred tax charge/(credit) arises in the period. Amounts recognised and unrecognised in respect of deferred tax at 20% are set out below:

	2 January 2014	
	Amounts provided £000	Amounts unprovided £000
Difference between accumulated depreciation and capital allowances	82	-
Short term timing differences	(55)	-
Losses	(27)	(6,976)
	-	(6,976)

The deferred tax has not been recognised in the company financial statements on the grounds that there is insufficient evidence that the asset will be recovered.

Based on the current capital investment plans, the Group expects to continue to be able to claim capital allowances in excess of depreciation in future periods.

16 Acquisition

On 8 July 2013 the Company acquired the entire share capital of Bluestone Resorts Group Limited. The resulting negative goodwill of £18,366,000 is included within intangible fixed assets and released to the profit and loss account in the period in which the assets purchased are depreciated, being 44 years from the date of acquisition.

	Book value £000	Re-valuation £000	Fair value to the Group £000
Fixed assets			
Tangible fixed assets	34,434	-	34,434
Current assets			
Stock	240	-	240
Debtors	984	-	984
Cash	110	-	110
Total assets	35,768	-	35,768
Liabilities			
Bank loan	(11,237)	-	(11,237)
Overdraft	-	-	-
Other creditors	(5,613)	-	(5,613)
Total liabilities	(16,850)	-	(16,850)
Net assets	18,918	-	18,918

Notes *(continued)*

16 Acquisition *(continued)*

	Book value £000	Re-valuation £000	Fair value to the Group £000
Negative Goodwill			(18,366)
Purchase consideration			552
Purchase consideration satisfied by:			
Cash – 102 shares at £1 nominal value			-
Acquisition costs			552
			552

No revaluation to fair value arises on acquisition. However, an impairment was booked by the acquired company in the previous financial period to reflect a decrease in value of freehold property to market value having reference to the cash flow projections.

The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired are included in the consolidated profit and loss account from the date of acquisition.

The summarised profit and loss account for Bluestone Resorts Group Limited for the period from 4 January 2013 to the date of acquisition was as follows:

	£
Turnover	5,863
Operating loss	(620)
Loss before taxation	(9,602)
Taxation	-
Loss after taxation	**(9,602)**

The acquired undertaking made a loss of £9,602,000 from the beginning of its financial year to the date of acquisition. In its previous financial year commencing on 6 January 2012 the loss was £10,752,000.

There were no recognised gains and losses in the period to 8 July 2013 other than the loss of £9,602,000 above.

The subsidiary undertaking acquired during the period contributed negative £837,000 to the group's net operating cash flows, paid £17,000 in respect of net returns on investments and servicing of finance, paid £nil in respect of taxation and utilised £564,000 for capital expenditure.

Notes *(continued)*

17 Share capital

	2 January 2014 £000
Allotted, called up and fully paid	
961,769 A ordinary shares of £0.01 each	**10**
5,390 B1 ordinary shares of £0.01 each	**-**
500 B2 ordinary shares of £0.01 each	**-**
2,310 C ordinary shares of £0.01 each	**-**
20,021 D ordinary shares of £0.01 each	**-**
	10

At 2 January 2014, the issued share capital of the company was £9,899.90.

On 8 July 2013, 961,769 A ordinary shares with an aggregate nominal value of £9,617.69 were issued at £0.01 each; 5,890 B ordinary shares with an aggregate nominal value of £58.90 were issued at £0.01 each; 2,310 C ordinary shares with an aggregate nominal value of £23.10 were issued at £0.01 each and 20,021 D ordinary shares with an aggregate nominal value of £200.21 were issued at £0.01 each.

The D ordinary shareholders are entitled to 3% of a dividend or other distribution of capital. The A, B and C ordinary shareholders are entitled to receive a dividend or other distribution of capital following the payment or distribution to all D ordinary shareholders pro rata in relation to their shareholding in the issued share capital of the company.

The A, B and D ordinary shareholders are entitled to vote at any general meeting. The C ordinary shares carry no voting rights.

18 Reserves

	Profit and loss account £000
Group	
On incorporation	-
Profit for the period	213
At 2 January 2014	**213**

	Profit and loss account £000
Company	
On incorporation	-
Profit for the period	223
At 2 January 2014	**223**

Notes *(continued)*

19 Reconciliation of movement in shareholders' funds

	2 January 2014 £000
Group	
Opening shareholders' funds	-
Shares issued during the period	10
Profit for the period	213
Closing shareholders' funds	**223**

	2 January 2014 £000
Company	
Opening shareholders' funds	-
Shares issued during the period	10
Profit for the period	223
Closing shareholders' funds	**233**

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own profit and loss account.

20 Reconciliation of operating profit to net cash flow from operating activities

	Period ended 2 January 2014 £000
Operating profit	**230**
Amortisation of intangible fixed assets	**(209)**
Depreciation of tangible fixed assets	**540**
(Increase) in stocks	**(33)**
Decrease in debtors	**392**
(Decrease) in creditors	**(1,757)**
Net cash outflow from operating activities	**(837)**

The amounts above represent cash flows from the Group's operating activities since incorporation but exclude amounts acquired as a result of the acquisition of Bluestone Resorts Group Limited on 8 July 2014.

21 Analysis of cash flows

	Period ended 2 January 2014 £000
Returns on investments and servicing of finance	
Bank interest paid	**(17)**
Net cash outflow from returns on investments and servicing of finance	**(17)**

Notes *(continued)*

21 Analysis of cash flows *(continued)*

	Period ended 2 January 2014 £000
Capital expenditure and financial investment	
Purchase of tangible fixed assets	(564)
Net cash outflow from capital expenditure	**(564)**

	Period ended 2 January 2014 £000
Acquisitions and disposals	
Purchase of shares in subsidiary	-
Cash acquired with subsidiary	110
Costs of acquisition	(552)
Net cash outflow from acquisitions and disposals	**(442)**

	Period ended 2 January 2014 £000
Financing	
Issue of ordinary shares	10
Shareholder loans	12,491
Repayment of existing loans	(11,237)
Net cash inflow from financing	**1,264**

22 Analysis of net debt

	On incorporation £000	Acquisition £000	Cash flow £000	Other debt £000	2 January 2014 £000
Cash	-	-	257	-	257
Overdraft	-	-	(853)	-	(853)
	-	-	(596)	-	(596)
Bank loans	-	(11,237)	11,237	-	-
Shareholder loans	-	-	(12,491)	-	(12,491)
Directors' loans	-	-	-	(157)	(157)
	-	(11,237)	(1,850)	(157)	(13,244)

23 Pension commitments

The Group operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Group to the scheme and amounted to £11,000.

There were no outstanding or prepaid contributions at the balance sheet date.

Notes *(continued)*

24 Operating lease commitments

At 2 January 2014, the group had annual commitments under non-cancellable operating leases as follows:

	2 January 2014	
	Other	Land and buildings
	£000	£000
Group		
Expiry date:		
Within one year	6	
Between two and five years	5	-
After more than five years	-	55

25 Related party transactions

During the period, unsecured loan notes were issued and are due to related parties by the group and company as follows:

	Relationship	Issued in period	Interest	As at 2 January 2014
		£000	£000	£000
D Briere De L'Isle	Shareholder	5,746	-	5,746
HV Stevens	Director/shareholder	5,746	-	5,746
AC Probert	Director/shareholder	999	-	999
		12,491	-	12,491

At the balance sheet date, the following amounts were due to the directors of the Company in relation to the acquisition of Bluestone Resorts Group Limited:

	£000
JW McNamara	48
P Joseph	40
N Evans	37
I Bartlett*	32
	157

*Following the resignation of I Bartlett after the balance sheet date, the above amount was cleared as part of the settlement agreement.

Following the balance sheet date, an amount of £500,000 relating to the above shareholders' loan notes and amounts due to the directors was repaid by the Company. The repayment was allocated in proportion with the above amounts.

Notes *(continued)*

26 Principal subsidiaries

Company name	Percentage shareholding	Description
Bluestone Resorts Group Limited	100%	Intermediate holding company
Bluestone Resorts Limited	100%*	Hospitality and Leisure Trading company
Bluestone Resorts Services Limited	100%*	Dormant Company

* held indirectly

27 Ultimate controlling party

By virtue of the shareholding structure, there is no sole ultimate controlling party.