

Group Strategic Report,
Report of the Director and
Consolidated Financial Statements
for the Year Ended 31 December 2018
for
PRINCE HOTELS LIMITED



PRINCE HOTELS LIMITED

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for the year ended 31 December 2018

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PRINCE HOTELS LIMITED

Company Information
for the year ended 31 December 2018

Director:	P Nasser
Registered office:	Prince Hotels Limited Birmingham Road Allesley Coventry West Midlands CV5 9BA
Registered number:	02995507 (England and Wales)
Auditors:	Haines Watts Birmingham LLP 5-6 Greenfield Crescent Edgbaston Birmingham B15 3BE
Bankers:	Lloyds Bank Plc 125 Colmore Row Birmingham B3 2SF

PRINCE HOTELS LIMITED

Group Strategic Report
for the year ended 31 December 2018

The director presents his strategic report of the company and the group for the year ended 31 December 2018.

Review of business

The group consists of two trading companies. The parent company, Prince Hotels Limited, operates three hotels in the Midlands region of the UK. The subsidiary company, Prince Hotels GmbH, operates two hotels in the Frankfurt area of Germany.

The group continues with its refurbishment programme in all of its properties in order to improve facilities and enhance guest experience. The group continues to take overall responsibility for all the regulatory compliance together with day to day operations of the business.

Group turnover has seen a small decrease of £18k (0.2%) from the previous year, which is the result of an underlying increase in turnover in the UK, offset by a reduction in Germany (see note 4 to the financial statements). In the UK, a marginal increase in average room rate was achieved in 2018 whilst maintaining overall occupancy rates at 80%. In Germany, turnover was reduced compared to the previous year due to the sale of the Wasgau hotel in June of 2017.

Operating costs were controlled well in 2018, which, coupled with a favourable movement in the exchange rate, means the group reports an increase in both gross profit margin and operating profit margin. The group's operating profit before depreciation, amortisation and foreign exchange movements was £1,758k (2017: £1,521k) demonstrating an underlying improvement in trading performance.

In 2018, the group also continued to reduce its gearing, paying down bank borrowings which stood at £1,111k at the beginning of the year to £448k by the end of the year, as detailed in notes 20 and 21 to the financial statements. At the end of the next financial year the company is expected to be trading without any bank borrowings and all charges over the properties will be satisfied.

The prospects for 2019 remain positive.

Principal risks and uncertainties

The risks facing the company and its subsidiary undertaking are assessed on an ongoing basis. The director evaluates the likelihood and potential impact of each of the risks and ensure appropriate action is taken to mitigate it.

A number of key risks such as credit and cash flow management, liquidity, foreign currency risk, health and safety and regulatory compliance come under the direct control of the director.

On behalf of the board:

.....
P Nasser - Director

Date: 19.08.2019

PRINCE HOTELS LIMITED

Report of the Director for the year ended 31 December 2018

The director presents his report with the financial statements of the company and the group for the year ended 31 December 2018.

Principal activity

The principal activity of the company during the year was that of hoteliers.

Dividends

The total distribution of dividends for the year ended 31 December 2018 was £158,989.

Events since the end of the year

Information relating to events since the end of the year is given in the notes to the financial statements.

Director

P Nasser held office during the whole of the period from 1 January 2018 to the date of this report.

Going concern

The director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the director continues to adopt the going concern basis in preparing the financial statements.

Statement of director's responsibilities

The director is responsible for preparing the Group Strategic Report, the Report of the Director and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to disclosure of information to auditors

So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are 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 group's auditors are aware of that information.

Auditors

Haines Watts Birmingham LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

On behalf of the board:

.....
P Nasser - Director

Date:

19.08.2019

Report of the Independent Auditors to the Members of
Prince Hotels Limited

Opinion

We have audited the financial statements of Prince Hotels Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 31 December 2018 and of the group's 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.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group 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 director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The director is responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Director, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Group Strategic Report and the Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Director have been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of
Prince Hotels Limited

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Director.

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 director'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 director

As explained more fully in the Statement of Director's Responsibilities set out on page three, the director 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 director determines 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 director is responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the group or the parent company or to cease operations, or has no realistic alternative but to do so.

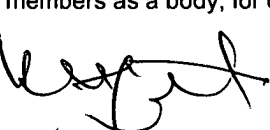
Auditors' responsibilities for the audit of the financial statements

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 a Report of the Auditors 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. This description forms part of our Report of the Auditors.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors 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.



Kevin Hodgetts (Senior Statutory Auditor)
for and on behalf of Haines Watts Birmingham LLP
5-6 Greenfield Crescent
Edgbaston
Birmingham
B15 3BE

28 August 2019

PRINCE HOTELS LIMITED

Consolidated Statement of Comprehensive Income
for the year ended 31 December 2018

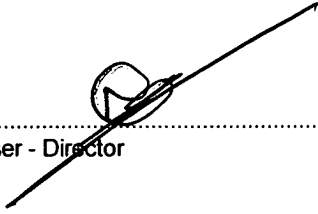
	Notes	2018 £	2017 £
Turnover	4	8,090,907	8,108,954
Cost of sales		(3,887,395)	(3,985,722)
Gross profit		4,203,512	4,123,232
Foreign exchange (loss)/gain		(4,422)	(38,744)
Administrative expenses		(2,898,655)	(3,034,965)
		1,300,435	1,049,523
Other operating income	5	115,475	70,177
Operating profit	8	1,415,910	1,119,700
Profit on sale of tangible fixed assets	9	-	1,028,605
		1,415,910	2,148,305
Income from fixed asset investments		683	674
Interest receivable and similar income		112,309	101,705
		1,528,902	2,250,684
Interest payable and similar expenses	10	(35,350)	(76,831)
Profit before taxation		1,493,552	2,173,853
Tax on profit	11	(380,452)	(788,198)
Profit for the financial year		1,113,100	1,385,655
Other comprehensive income			
Retranslation of subsidiary's net assets		88,883	197,836
Income tax relating to other comprehensive income		-	-
Other comprehensive income for the year, net of income tax		88,883	197,836
Total comprehensive income for the year		1,201,983	1,583,491
Profit attributable to:			
Owners of the parent		1,034,508	1,243,459
Non-controlling interests		78,592	142,196
		1,113,100	1,385,655
Total comprehensive income attributable to:			
Owners of the parent		1,123,391	1,441,295
Non-controlling interests		78,592	142,196
		1,201,983	1,583,491

The notes form part of these financial statements

Consolidated Statement of Financial Position
31 December 2018

	Notes	£	2018 £	£	2017 £
Fixed assets					
Intangible assets	14		57,967		83,017
Tangible assets	15		10,225,415		10,226,099
Investments	16		6,943		6,837
Investment property	17		350,000		350,000
			<u>10,640,325</u>		<u>10,665,953</u>
Current assets					
Stocks	18	57,301		58,909	
Debtors	19	1,886,935		1,746,449	
Cash at bank and in hand		145,346		336,477	
		<u>2,089,582</u>		<u>2,141,835</u>	
Creditors					
Amounts falling due within one year	20	1,374,000		2,063,815	
Net current assets			<u>715,582</u>		<u>78,020</u>
Total assets less current liabilities			<u>11,355,907</u>		<u>10,743,973</u>
Creditors					
Amounts falling due after more than one year	21		(259,204)		(522,862)
Provisions for liabilities	25		(87,553)		(254,955)
Net assets			<u>11,009,150</u>		<u>9,966,156</u>
Capital and reserves					
Called up share capital	26		100		100
Revaluation reserve	27		1,122,707		1,145,619
Foreign currency translation reserve	27		1,516,877		1,427,994
Retained earnings	27		7,699,321		6,800,890
Shareholders' funds			<u>10,339,005</u>		<u>9,374,603</u>
Non-controlling interests			<u>670,145</u>		<u>591,553</u>
Total equity			<u>11,009,150</u>		<u>9,966,156</u>

The financial statements were approved by the director on 19.08.2019 and were signed by:


P Nasser - Director

Company Statement of Financial Position
31 December 2018

	Notes	£	2018 £	£	2017 £
Fixed assets					
Intangible assets	14		57,967		83,017
Tangible assets	15		5,372,784		5,408,803
Investments	16		12,836		12,836
Investment property	17		350,000		350,000
			<u>5,793,587</u>		<u>5,854,656</u>
Current assets					
Stocks	18	29,495		32,448	
Debtors	19	5,678,302		5,611,062	
Cash at bank and in hand		136,021		249,777	
		<u>5,843,818</u>		<u>5,893,287</u>	
Creditors					
Amounts falling due within one year	20	1,038,526		1,475,897	
Net current assets			<u>4,805,292</u>		<u>4,417,390</u>
Total assets less current liabilities			<u>10,598,879</u>		<u>10,272,046</u>
Creditors					
Amounts falling due after more than one year	21		-		(207,148)
Provisions for liabilities	25		(87,553)		(254,955)
Net assets			<u>10,511,326</u>		<u>9,809,943</u>
Capital and reserves					
Called up share capital	26		100		100
Revaluation reserve	27		1,122,707		1,145,619
Retained earnings	27		9,388,519		8,664,224
Shareholders' funds			<u>10,511,326</u>		<u>9,809,943</u>
Company's profit for the financial year			<u>860,372</u>		<u>949,445</u>

The financial statements were approved by the director on 19.08.2019 and were signed by:

.....
P Nasser - Director

PRINCE HOTELS LIMITED

Consolidated Statement of Changes in Equity
for the year ended 31 December 2018

	Called up share capital £	Retained earnings £	Revaluation reserve £
Balance at 1 January 2017	100	5,794,051	1,168,999
Changes in equity			
Dividends	-	(260,000)	-
Total comprehensive income	-	1,266,839	(23,380)
Balance at 31 December 2017	<u>100</u>	<u>6,800,890</u>	<u>1,145,619</u>
Changes in equity			
Dividends	-	(158,989)	-
Total comprehensive income	-	1,057,420	(22,912)
Balance at 31 December 2018	<u>100</u>	<u>7,699,321</u>	<u>1,122,707</u>

	Foreign currency translation reserve £	Total £	Non-controlling interests £	Total equity £
Balance at 1 January 2017	1,230,158	8,193,308	449,357	8,642,665
Changes in equity				
Dividends	-	(260,000)	-	(260,000)
Total comprehensive income	197,836	1,441,295	142,196	1,583,491
Balance at 31 December 2017	<u>1,427,994</u>	<u>9,374,603</u>	<u>591,553</u>	<u>9,966,156</u>
Changes in equity				
Dividends	-	(158,989)	-	(158,989)
Total comprehensive income	88,883	1,123,391	78,592	1,201,983
Balance at 31 December 2018	<u>1,516,877</u>	<u>10,339,005</u>	<u>670,145</u>	<u>11,009,150</u>

The notes form part of these financial statements

PRINCE HOTELS LIMITED

Company Statement of Changes in Equity
for the year ended 31 December 2018

	Called up share capital £	Retained earnings £	Revaluation reserve £	Total equity £
Balance at 1 January 2017	100	7,951,399	1,168,999	9,120,498
Changes in equity				
Dividends	-	(260,000)	-	(260,000)
Total comprehensive income	-	972,825	(23,380)	949,445
Balance at 31 December 2017	<u>100</u>	<u>8,664,224</u>	<u>1,145,619</u>	<u>9,809,943</u>
Changes in equity				
Dividends	-	(158,989)	-	(158,989)
Total comprehensive income	-	883,284	(22,912)	860,372
Balance at 31 December 2018	<u><u>100</u></u>	<u><u>9,388,519</u></u>	<u><u>1,122,707</u></u>	<u><u>10,511,326</u></u>

The notes form part of these financial statements

PRINCE HOTELS LIMITED

**Consolidated Statement of Cash Flows
for the year ended 31 December 2018**

		2018	2017
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	30	1,584,461	1,406,016
Interest paid		(31,410)	(67,729)
Finance costs paid		(3,940)	(9,102)
Tax paid		(771,149)	(326,704)
Net cash from operating activities		777,962	1,002,481
Cash flows from investing activities			
Purchase of tangible fixed assets		(237,765)	(246,540)
Sale of tangible fixed assets		-	1,594,250
Interest received		83,955	101,705
Dividends received		683	674
Net cash from investing activities		(153,127)	1,450,089
Cash flows from financing activities			
Loan repayments in year		(661,326)	(2,060,998)
Amount introduced by directors		164,020	-
Amount withdrawn by directors		(159,671)	(43,572)
Equity dividends paid		(158,989)	(260,000)
Net cash from financing activities		(815,966)	(2,364,570)
(Decrease)/increase in cash and cash equivalents		(191,131)	88,000
Cash and cash equivalents at beginning of year	31	336,477	248,477
Cash and cash equivalents at end of year	31	145,346	336,477

The notes form part of these financial statements

PRINCE HOTELS LIMITED

Notes to the Consolidated Financial Statements for the year ended 31 December 2018

1. **Statutory information**

Prince Hotels Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

2. **Statement of compliance**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

3. **Accounting policies**

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented unless otherwise stated.

Going concern

The financial statements have been prepared on a going concern basis as the director believes that no material uncertainties exist. The director has considered the level of retained earnings and the expected results for 12 months from authorising these financial statements and confirms these are sufficient for the company to be able to continue as a going concern.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and any goodwill on consolidation is capitalised and written off over five years from the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively.

The financial statements of foreign operations have been translated into the parent company's presentation currency as per FRS 102: Foreign Currency Retranslation. Under this method, assets and liabilities are translated at the closing rate at the end of the reporting period while income and expenses are translated at the exchange rates at the date of transactions. For this purpose, the average rate of exchange for the accounting period has been used. Exchange differences resulting from the translation of financial statements of foreign operations functional currency to presentation currency are recognised in other comprehensive income.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Income from room lettings is recognised by reference to the room reservation date. Deposits or payments in full for advance bookings are treated as deferred income.

Goodwill

Goodwill, which represents the excess of cost of acquisitions of businesses over the value attributed to the net assets, is amortised through the profit and loss account by equal annual installments over its useful economic life. Goodwill previously eliminated against reserves has not been reinstated and will be charged to the profit and loss account on the subsequent disposal of any business to which it related.

Amortisation

Amortisation 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 as follows:

Goodwill - 20 years

PRINCE HOTELS LIMITED

Notes to the Consolidated Financial Statements - continued for the year ended 31 December 2018

3. Accounting policies - continued

Tangible fixed assets

All fixed assets are initially recorded at cost. Freehold and leasehold property is subsequently stated at valuation.

Depreciation

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 as follows:

Freehold property	-	2% - 20% straight line
Leasehold property	-	2% straight line
Fixtures & fittings	-	10% straight line
Computer equipment	-	25% straight line

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

Investment property

All investment properties are held at fair value with subsequent gains or losses recognised in profit and loss.

This is in accordance with FRS 102 which, unlike the Companies Act 2006, does not require depreciation of investment properties. Investment properties are held for their investment potential and not for use by company and so their current value is of prime importance. The departure from the provisions of the Act is required in order to give a true and fair view.

Stocks

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

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the average rate for the period. Exchange differences are taken into account in arriving at the operating profit.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

PRINCE HOTELS LIMITED

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2018

3. Accounting policies - continued

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Debtors and creditors receivable/payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

4. Turnover

The turnover and profit before taxation are attributable to the one principal activity of the group.

An analysis of turnover by geographical market is given below:

	2018	2017
	£	£
United Kingdom	4,596,697	4,333,170
Europe	3,494,210	3,775,784
	<u>8,090,907</u>	<u>8,108,954</u>

5. Other operating income

	2018	2017
	£	£
Rents received	69,679	35,880
Other operating income	45,796	34,297
	<u>115,475</u>	<u>70,177</u>

6. Employees and directors

	2018	2017
	£	£
Wages and salaries	2,430,201	2,477,110
Social security costs	273,723	307,880
Other pension costs	8,949	4,866
	<u>2,712,873</u>	<u>2,789,856</u>

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

	2018	2017
Production staff	156	146
Administrative staff	8	8
Management staff	11	20
	<u>175</u>	<u>174</u>

7. Directors' emoluments

	2018	2017
	£	£
Director's remuneration	14,990	24,292

PRINCE HOTELS LIMITED

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2018

8. Operating profit

The operating profit is stated after charging:

	2018	2017
	£	£
Hire of plant and machinery	29,975	27,873
Depreciation - owned assets	312,277	337,947
Goodwill amortisation	25,050	25,050
Auditors' remuneration	11,500	11,500
Auditors' remuneration - other fees	26,630	16,380
	<u>26,630</u>	<u>16,380</u>

9. Exceptional items

	2018	2017
	£	£
Profit on sale of tangible fixed assets	-	1,028,605
	<u>-</u>	<u>1,028,605</u>

10. Interest payable and similar expenses

	2018	2017
	£	£
Interest payable on bank borrowings	30,532	67,729
Interest payable on late Corporation Tax payments	878	-
Other similar charges payable	3,940	9,102
	<u>35,350</u>	<u>76,831</u>

11. Taxation

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2018	2017
	£	£
Current tax:		
UK corporation tax	341,253	574,747
(Over)/under provision in prior year	206,601	12,284
Total current tax	547,854	587,031
Deferred tax	(167,402)	201,167
Tax on profit	<u>380,452</u>	<u>788,198</u>

PRINCE HOTELS LIMITED

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2018

11. Taxation - continued

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2018	2017
	£	£
Profit before tax	<u>1,493,552</u>	<u>2,173,853</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.246%)	283,775	418,380
Effects of:		
Expenses not deductible for tax purposes	6,408	8,076
Income not taxable for tax purposes	15,245	(27,308)
Depreciation in excess of capital allowances	19,105	33,185
Adjustments to tax charge in respect of previous periods	206,601	12,284
Unrealised foreign exchange loss/(gain) not taxable	(14,059)	35,021
Foreign tax	134,579	121,591
Chargeable gains	-	456,255
Profit on disposal of fixed assets	-	(197,965)
Double tax relief	(103,800)	(84,058)
Deferred tax movement	<u>(167,402)</u>	<u>12,737</u>
Total tax charge	<u>380,452</u>	<u>788,198</u>

Tax effects relating to effects of other comprehensive income

	Gross	Tax	2018
	£	£	Net
Retranslation of subsidiary's net assets	<u>88,883</u>	<u>-</u>	<u>88,883</u>
	Gross	Tax	2017
	£	£	Net
Retranslation of subsidiary's net assets	<u>197,836</u>	<u>-</u>	<u>197,836</u>

12. Individual statement of comprehensive income

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements.

13. Dividends

	2018	2017
	£	£
Ordinary shares of £1 each		
Interim	<u>158,989</u>	<u>260,000</u>

PRINCE HOTELS LIMITED

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2018

14. Intangible fixed assets

Group

Goodwill
£

Cost

At 1 January 2018

and 31 December 2018

501,000

Amortisation

At 1 January 2018

Amortisation for year

417,983

25,050

At 31 December 2018

443,033

Net book value

At 31 December 2018

57,967

At 31 December 2017

83,017

Company

Goodwill
£

Cost

At 1 January 2018

and 31 December 2018

501,000

Amortisation

At 1 January 2018

Amortisation for year

417,983

25,050

At 31 December 2018

443,033

Net book value

At 31 December 2018

57,967

At 31 December 2017

83,017

PRINCE HOTELS LIMITED

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2018

15. Tangible fixed assets

Group

	Freehold property £	Long leasehold £	Fixtures and fittings £	Computer equipment £	Totals £
Cost					
At 1 January 2018	11,299,187	666,379	4,390,605	32,233	16,388,404
Additions	64,437	6,500	166,828	-	237,765
Disposals	-	-	(6,724)	-	(6,724)
Exchange differences	79,420	-	7,487	498	87,405
At 31 December 2018	11,443,044	672,879	4,558,196	32,731	16,706,850
Depreciation					
At 1 January 2018	1,985,850	151,618	3,999,985	24,852	6,162,305
Charge for year	163,585	13,393	131,118	4,181	312,277
Eliminated on disposal	-	-	(6,724)	-	(6,724)
Exchange differences	7,748	-	5,372	457	13,577
At 31 December 2018	2,157,183	165,011	4,129,751	29,490	6,481,435
Net book value					
At 31 December 2018	9,285,861	507,868	428,445	3,241	10,225,415
At 31 December 2017	9,313,337	514,761	390,620	7,381	10,226,099

The last professional valuation of the company's UK freehold and leasehold properties was carried out in 2005 and adopted in the company's financial statements as at 30 November 2005. Subsequent valuations have been a director's valuation. The director reviews the carrying value of the properties annually for impairment and is satisfied that there should be no impairment provision as at 31 December 2018.

Included in the net book value of £10,225,415 (2017: £10,226,099), are non-depreciable assets of £3,174,815 (2017: £3,174,815).

In respect of certain fixed assets stated at valuations, the comparable historical cost and depreciation values are as follows:

Group and Company

	2018 £	2017 £
Historical cost	6,040,319	6,040,319
Depreciation:		
At 1 January 2018	1,897,758	1,778,158
Charge for the year	119,600	119,600
At 31 December 2018	2,017,358	1,897,758
Net historical cost value		
At 31 December 2018	4,022,961	4,142,561
At 31 December 2017	4,142,561	4,262,161

PRINCE HOTELS LIMITED

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2018

15. Tangible fixed assets - continued

Company

	Freehold property £	Long leasehold £	Fixtures and fittings £	Totals £
Cost				
At 1 January 2018	6,163,519	666,379	3,965,730	10,795,628
Additions	64,437	6,500	126,240	197,177
At 31 December 2018	6,227,956	672,879	4,091,970	10,992,805
Depreciation				
At 1 January 2018	1,533,775	151,618	3,701,432	5,386,825
Charge for year	119,915	13,393	99,888	233,196
At 31 December 2018	1,653,690	165,011	3,801,320	5,620,021
Net book value				
At 31 December 2018	4,574,266	507,868	290,650	5,372,784
At 31 December 2017	4,629,744	514,761	264,298	5,408,803

The last professional valuation of the company's UK freehold and leasehold properties was carried out in 2005 and adopted in the company's financial statements as at 30 November 2005. Subsequent valuations have been a director's valuation. The director reviews the carrying value of the properties annually for impairment and is satisfied that there should be no impairment provision as at 31 December 2018.

Included in the net book value of £5,372,784 (2017: £5,408,803), are non-depreciable assets of £200,000 (2017: £200,000).

16. Fixed asset investments

Group

	Unlisted investments £
Cost	
At 1 January 2018	6,837
Exchange differences	106
At 31 December 2018	6,943
Net book value	
At 31 December 2018	6,943
At 31 December 2017	6,837

Company

	Shares in group undertakings £
Cost	
At 1 January 2018 and 31 December 2018	12,836
Net book value	
At 31 December 2018	12,836
At 31 December 2017	12,836

PRINCE HOTELS LIMITED

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2018

16. Fixed asset investments - continued

The shares in group undertakings represent shares in Prince Hotels (Frankfurt) GmbH (trading - hotelier) and Prince Hotels (Europe) GmbH (dormant) both of which are included in the consolidation.

The company owns 76% of the two companies; the remaining 24% is held by Prince Nasser. Both companies are incorporated and registered in Germany.

17. Investment property

Group

	Total £
Fair value	
At 1 January 2018 and 31 December 2018	350,000
Net book value	
At 31 December 2018	350,000
At 31 December 2017	350,000

Investment property has been included at a director's valuation. The director reviews the fair value of the properties annually and is satisfied that there is no adjustment required as at 31 December 2018.

Company

	Total £
Fair value	
At 1 January 2018 and 31 December 2018	350,000
Net book value	
At 31 December 2018	350,000
At 31 December 2017	350,000

18. Stocks

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Stocks	57,301	58,909	29,495	32,448

Stock recognised in cost of sales during the year as an expense was £670,294 (2017: £738,678).

19. Debtors

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	249,345	321,764	24,825	120,358
Other debtors	187,248	187,600	200	-
Prepayments and accrued income	71,388	73,068	67,784	64,366
	507,981	582,432	92,809	184,724

PRINCE HOTELS LIMITED

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2018

19. Debtors - continued

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Amounts falling due after more than one year:				
Amounts owed by group undertakings	-	-	4,924,223	5,070,853
Amounts owed by related undertakings	661,270	355,485	661,270	355,485
Other debtors	717,684	808,532	-	-
	<u>1,378,954</u>	<u>1,164,017</u>	<u>5,585,493</u>	<u>5,426,338</u>
Aggregate amounts	<u>1,886,935</u>	<u>1,746,449</u>	<u>5,678,302</u>	<u>5,611,062</u>

Amounts owed by related undertakings is a loan to 3P Investments GmbH, a company under the common control of Prince Nasser (see note 28 - related party transactions). Further sums have been advanced during the year, and after the year end, in order to support the company whilst it awaits the outcome of a legal dispute with a court hearing set for October 2019. The director has assessed the recoverability of the debt and does not consider that any impairment provision is necessary in these financial statements.

20. Creditors: amounts falling due within one year

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Bank loans and overdrafts (see note 22)	188,542	587,968	165,266	343,937
Trade creditors	511,153	469,245	367,226	283,008
Corporation tax	268,717	491,072	207,761	453,156
CT61 tax creditor	682	1,622	682	1,622
Social security and other taxes	26,701	31,160	16,327	21,935
VAT	166,291	249,395	153,796	234,453
Other creditors	22,738	20,314	18,875	17,890
Directors' loan accounts	57,727	53,378	57,727	53,378
Accruals and deferred income	131,449	159,661	50,866	66,518
	<u>1,374,000</u>	<u>2,063,815</u>	<u>1,038,526</u>	<u>1,475,897</u>

21. Creditors: amounts falling due after more than one year

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Bank loans (see note 22)	<u>259,204</u>	<u>522,862</u>	<u>-</u>	<u>207,148</u>

PRINCE HOTELS LIMITED

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2018

22. Loans

An analysis of the maturity of loans is given below:

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank loans	<u>188,542</u>	<u>587,968</u>	<u>165,266</u>	<u>343,937</u>
Amounts falling due between one and two years:				
Bank loans - 1-2 years	<u>24,539</u>	<u>267,604</u>	<u>-</u>	<u>207,148</u>
Amounts falling due between two and five years:				
Bank loans - 2-5 years	<u>82,031</u>	<u>104,948</u>	<u>-</u>	<u>-</u>
Amounts falling due in more than five years:				
Repayable by instalments				
Bank loans more 5 yr by instal	<u>152,634</u>	<u>150,310</u>	<u>-</u>	<u>-</u>

23. Leasing agreements

Minimum lease payments fall due as follows:

Group

	Non-cancellable operating leases	
	2018	2017
	£	£
Within one year	19,527	37,079
Between one and five years	<u>14,072</u>	<u>8,551</u>
	<u>33,599</u>	<u>45,630</u>

Company

	Non-cancellable operating leases	
	2018	2017
	£	£
Within one year	3,565	18,170
Between one and five years	<u>935</u>	<u>2,630</u>
	<u>4,500</u>	<u>20,800</u>

24. Secured debts

The following secured debts are included within creditors:

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Bank loans	<u>447,746</u>	<u>1,110,830</u>	<u>165,266</u>	<u>551,085</u>

The bank loans and overdrafts are secured by a fixed and floating charge over one property.

PRINCE HOTELS LIMITED

**Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2018**

25. Provisions for liabilities

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Deferred tax				
Accelerated capital allowances	87,553	66,525	87,553	66,525
Other timing differences	-	188,430	-	188,430
	<u>87,553</u>	<u>254,955</u>	<u>87,553</u>	<u>254,955</u>

Group

**Deferred tax
£**

Balance at 1 January 2018	254,955
Credit to Statement of Comprehensive Income during year	(167,402)
Balance at 31 December 2018	<u>87,553</u>

Company

**Deferred tax
£**

Balance at 1 January 2018	254,955
Credit to Statement of Comprehensive Income during year	(167,402)
Balance at 31 December 2018	<u>87,553</u>

26. Called up share capital

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2018	2017
		£1	£	£
100	Ordinary	£1	<u>100</u>	<u>100</u>

27. Reserves

Group

	Retained earnings	Revaluation reserve	Foreign currency translation reserve	Totals
	£	£	£	£
At 1 January 2018	6,800,890	1,145,619	1,427,994	9,374,503
Profit for the year	1,034,508			1,034,508
Dividends	(158,989)			(158,989)
Exchange differences on retranslation of net assets of subsidiary undertakings	-	-	88,883	88,883
Transfer to/from revaluation reserve	22,912	(22,912)	-	-
At 31 December 2018	<u>7,699,321</u>	<u>1,122,707</u>	<u>1,516,877</u>	<u>10,338,905</u>

PRINCE HOTELS LIMITED

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2018

27. Reserves - continued

Company

	Retained earnings £	Revaluation reserve £	Totals £
At 1 January 2018	8,664,224	1,145,619	9,809,843
Profit for the year	860,372		860,372
Dividends	(158,989)		(158,989)
Transfer to/from revaluation reserve	22,912	(22,912)	-
At 31 December 2018	<u>9,388,519</u>	<u>1,122,707</u>	<u>10,511,226</u>

28. Related party disclosures

The company was under the control of Prince Nasser throughout the current and previous year. Prince Nasser is the sole shareholder. During the year the company entered into the following transactions with related parties:

Prince Nasser

Dividends were paid to Prince Nasser totalling £158,989 (2017: £260,000).

Throughout the year a loan existed between the company and Prince Nasser. At the year end the balance outstanding due from the company was £57,727 (2017: £53,378) and is included in creditors falling due within one year.

3P Investments GmbH (a company under the common control of Prince Nasser)

In October 2008 the company made a loan to 3P Investments GmbH of 640,000 Euros. Interest of 9.5% per annum is charged on the capital amount outstanding. During the year an additional amount was advanced of 301,573 Euros. At the year end the amount outstanding was £661,270 (2017: £355,485) and this amount is included in other debtors - amounts owed to related companies. The loan is translated at the year-end rate.

Key management personnel compensation in the year totalled £171,375 (2017: £173,372).

29. Post balance sheet events

The investment property was sold post year end for £375,000.

30. Reconciliation of profit before taxation to cash generated from operations

	2018 £	2017 £
Profit before taxation	1,493,552	2,173,853
Depreciation charges	337,329	362,998
Profit on disposal of fixed assets	-	(1,035,104)
(Gain)/loss on foreign exchange on debt	13,190	132,728
Finance costs	35,350	76,831
Finance income	(112,992)	(102,379)
	<u>1,766,429</u>	<u>1,608,927</u>
Decrease/(increase) in stocks	1,608	(795)
Increase in trade and other debtors	(112,133)	(291,061)
(Decrease)/increase in trade and other creditors	(71,443)	88,945
Cash generated from operations	<u><u>1,584,461</u></u>	<u><u>1,406,016</u></u>

PRINCE HOTELS LIMITED

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2018

31. Cash and cash equivalents

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 December 2018

	31/12/18	1/1/18
	£	£
Cash and cash equivalents	<u>145,346</u>	<u>336,477</u>

Year ended 31 December 2017

	31/12/17	1/1/17
	£	£
Cash and cash equivalents	<u>336,477</u>	<u>248,477</u>