Group Strategic Report,

Report of the Director and

Consolidated Financial Statements

for the Year Ended 31 December 2017

for

PRINCE HOTELS LIMITED

PRINCE HOTELS LIMITED

Contents of the Consolidated Financial Statements
for the year ended 31 December 2017

PRINCE HOTELS LIMITED

Company Information
for the year ended 31 December 2017

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 Sterling House 71 Francis Road Edgbaston Birmingham B16 8SP
Bankers:	Lloyds Bank Plc 125 Colmore Row Birmingham B3 2SF

PRINCE HOTELS LIMITED

Group Strategic Report
for the year ended 31 December 2017

The director presents his strategic report of the company and the group for the year ended 31 December 2017.

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, now operates two hotels in the Frankfurt area of Germany, having sold one its hotels in June of 2017.

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 on the previous year of £47,286 (0.6%) reflecting marginally reduced turnover in both the UK and Germany (see note 4 to the financial statements). The key contributors to this are a decrease in occupancy levels by 3% to 80% despite an overall increase in average room rate on last year of 2%. In Germany, turnover was reduced due to the sale of the Wasgau hotel in June, but in terms of the consolidated group results, the full impact of this was offset by a favourable movement in the Euro exchange rate compared to the prior year.

The group therefore reported an increased operating profit of £1,119,700 for the year to 31 December 2017 (2016: £564,363) thanks to both cost savings achieved in the year and the favourable movement in the exchange rate. The operating profit before depreciation, amortisation and foreign exchange movements was £1,521,442 (2016: £1,278,417) demonstrating an underlying improvement in trading performance.

During the year, the sale of the Wasgau hotel in Germany resulted in a gain on disposal of £97,605. In addition to this, the parent company sold land in the UK resulting in a gain on disposal of £931,000 (see note 9 to the financial statements). The proceeds of these disposals were primarily used to further reduce the group's bank borrowings, which have fallen significantly from £3,052,180 at the beginning of the year to £1,110,830 by 31 December 2017, as shown in notes 20 and 21 to the financial statements.

The prospects for 2018 are very positive with improved confidence in the economy and trading in the current year to date is going well.

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 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: 15.5.2018

PRINCE HOTELS LIMITED

Report of the Director
for the year ended 31 December 2017

The director presents his report with the financial statements of the company and the group for the year ended 31 December 2017.

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 2017 was £260,000.

Director
P Nasser held office during the whole of the period from 1 January 2017 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: 15.5.18

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 2017 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).

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.

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 2017 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 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, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006
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.

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.

Our 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.

Darren Holdway (Senior Statutory Auditor)
for and on behalf of Haines Watts Birmingham LLP
Sterling House
71 Francis Road
Edgbaston
Birmingham
B16 8SP

Date: 15.5.18

PRINCE HOTELS LIMITED

Consolidated Statement of Comprehensive Income
for the year ended 31 December 2017

	Notes	2017 £	2016 £
Turnover	4	**8,108,954**	8,156,240
Cost of sales		**(3,985,722)**	(4,211,604)
Gross profit		**4,123,232**	3,944,636
Foreign exchange (loss)/gain		**(38,744)**	(324,454)
Administrative expenses		**(3,034,965)**	(3,150,788)
		1,049,523	469,394
Other operating income	5	**70,177**	94,969
Operating profit	8	**1,119,700**	564,363
Profit on sale of tangible fixed assets	9	**1,028,605**	(343)
		2,148,305	564,020
Income from fixed asset investments		**674**	631
Interest receivable and similar income		**101,705**	93,039
		2,250,684	657,690
Interest payable and similar expenses	10	**(76,831)**	(116,059)
Profit before taxation		**2,173,853**	541,631
Tax on profit	11	**(788,198)**	(231,364)
Profit for the financial year		**1,385,655**	310,267
Other comprehensive income			
Retranslation of subsidiary's net assets		**197,836**	739,715
Other comprehensive income for the year, net of income tax		**197,836**	739,715
Total comprehensive income for the year		**1,583,491**	1,049,982
Profit attributable to:			
Owners of the parent		**1,243,459**	228,452
Non-controlling interests		**142,196**	81,815
		1,385,655	310,267
Total comprehensive income attributable to:			
Owners of the parent		**1,441,295**	968,167
Non-controlling interests		**142,196**	81,815
		1,583,491	1,049,982

The notes form part of these financial statements

PRINCE HOTELS LIMITED (REGISTERED NUMBER: 02995507)

Consolidated Statement of Financial Position
31 December 2017

	Notes	£	2017 £	£	2016 £
Fixed assets					
Intangible assets	14		**83,017**		108,067
Tangible assets	15		**10,226,099**		10,692,140
Investments	16		**6,837**		6,594
Investment property	17		**350,000**		350,000
			10,665,953		11,156,801
Current assets					
Stocks	18	**58,909**		58,114	
Debtors	19	**1,746,449**		1,455,388	
Cash at bank and in hand		**336,477**		248,477	
		2,141,835		1,761,979	
Creditors					
Amounts falling due within one year	20	**2,063,815**		1,724,482	
Net current assets			**78,020**		37,497
Total assets less current liabilities			**10,743,973**		11,194,298
Creditors					
Amounts falling due after more than one year	21		**(522,862)**		(2,497,845)
Provisions for liabilities	25		**(254,955)**		(53,788)
Net assets			**9,966,156**		8,642,665
Capital and reserves					
Called up share capital	26		**100**		100
Revaluation reserve	27		**1,145,619**		1,168,999
Foreign currency translation reserve	27		**1,427,994**		1,230,158
Retained earnings	27		**6,800,890**		5,794,051
Shareholders' funds			**9,374,603**		8,193,308
Non-controlling interests			**591,553**		449,357
Total equity			**9,966,156**		8,642,665

The financial statements were approved by the director on 15.5.18 and were signed by:

.....
P Nasser - Director

The notes form part of these financial statements

PRINCE HOTELS LIMITED (REGISTERED NUMBER: 02995507)

Company Statement of Financial Position
31 December 2017

	Notes	£	2017 £	£	2016 £
Fixed assets					
Intangible assets	14		**83,017**		108,067
Tangible assets	15		**5,408,803**		5,468,508
Investments	16		**12,836**		12,836
Investment property	17		**350,000**		350,000
			5,854,656		5,939,411
Current assets					
Stocks	18	**32,448**		31,063	
Debtors	19	**5,611,062**		6,110,482	
Cash at bank and in hand		**249,777**		204,830	
		5,893,287		6,346,375	
Creditors					
Amounts falling due within one year	20	**1,475,897**		1,153,472	
Net current assets			**4,417,390**		5,192,903
Total assets less current liabilities			**10,272,046**		11,132,314
Creditors					
Amounts falling due after more than one year	21		**(207,148)**		(1,958,028)
Provisions for liabilities	25		**(254,955)**		(53,788)
Net assets			**9,809,943**		9,120,498
Capital and reserves					
Called up share capital	26		**100**		100
Revaluation reserve	27		**1,145,619**		1,168,999
Retained earnings	27		**8,664,224**		7,951,399
Shareholders' funds			**9,809,943**		9,120,498
Company's profit for the financial year			**949,445**		904,017

The financial statements were approved by the director on 15.5.18 and were signed by:

.....
P Nasser - Director

The notes form part of these financial statements

PRINCE HOTELS LIMITED

Consolidated Statement of Changes in Equity
for the year ended 31 December 2017

	Called up share capital £	Retained earnings £	Revaluation reserve £
Balance at 1 January 2016	100	5,841,742	1,192,856
Changes in equity			
Dividends	-	(300,000)	-
Total comprehensive income	-	252,309	(23,857)
Balance at 31 December 2016	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	100	6,800,890	1,145,619

	Foreign currency translation reserve £	Total £	Non-controlling interests £	Total equity £
Balance at 1 January 2016	490,443	7,525,141	367,542	7,892,683
Changes in equity				
Dividends	-	(300,000)	-	(300,000)
Total comprehensive income	739,715	968,167	81,815	1,049,982
Balance at 31 December 2016	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	1,427,994	9,374,603	591,553	9,966,156

The notes form part of these financial statements

PRINCE HOTELS LIMITED

Company Statement of Changes in Equity
for the year ended 31 December 2017

	Called up share capital £	Retained earnings £	Revaluation reserve £	Total equity £
Balance at 1 January 2016	100	7,323,525	1,192,856	8,516,481
Changes in equity				
Dividends	-	(300,000)	-	(300,000)
Total comprehensive income	-	927,874	(23,857)	904,017
Balance at 31 December 2016	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	100	8,664,224	1,145,619	9,809,943

The notes form part of these financial statements

PRINCE HOTELS LIMITED

Consolidated Statement of Cash Flows
for the year ended 31 December 2017

	Notes	2017 £	2016 £
Cash flows from operating activities			
Cash generated from operations	29	**1,406,016**	1,404,901
Interest paid		**(67,729)**	(101,259)
Finance costs paid		**(9,102)**	(14,800)
Tax paid		**(326,704)**	(122,379)
Net cash from operating activities		**1,002,481**	1,166,463
Cash flows from investing activities			
Purchase of tangible fixed assets		**(246,540)**	(212,120)
Sale of tangible fixed assets		**1,594,250**	7,912
Interest received		**101,705**	93,039
Dividends received		**674**	631
Net cash from investing activities		**1,450,089**	(110,538)
Cash flows from financing activities			
Loan repayments in year		**(2,060,998)**	(589,818)
Amount withdrawn by directors		**(43,572)**	(137,709)
Equity dividends paid		**(260,000)**	(300,000)
Net cash from financing activities		**(2,364,570)**	(1,027,527)
Increase in cash and cash equivalents		**88,000**	28,398
Cash and cash equivalents at beginning of year	30	**248,477**	220,079
Cash and cash equivalents at end of year	30	**336,477**	248,477

The notes form part of these financial statements

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.

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

continued...

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.

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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:

	2017	2016
	£	£
United Kingdom	**4,333,170**	4,348,031
Europe	**3,775,784**	3,808,209
	8,108,954	8,156,240

5. Other operating income

	2017	2016
	£	£
Rents received	**35,880**	45,320
Other operating income	**34,297**	49,649
	70,177	94,969

6. Employees and directors

	2017	2016
	£	£
Wages and salaries	**2,477,110**	2,533,610
Social security costs	**307,880**	295,527
Other pension costs	**4,866**	5,004
	2,789,856	2,834,141

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

	2017	2016
Production staff	**146**	159
Administrative staff	**8**	8
Management staff	**20**	20
	174	187

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7. Directors' emoluments

	2017	2016
	£	£
Director's remuneration	24,292	21,642

8. Operating profit

The operating profit is stated after charging:

	2017	2016
	£	£
Hire of plant and machinery	27,873	24,401
Depreciation - owned assets	337,947	364,550
Goodwill amortisation	25,050	25,050
Auditors' remuneration	11,500	11,500
Auditors' remuneration - other fees	16,380	12,953

9. Profit on sale of tangible fixed assets

	2017	2016
	£	£
Profit on sale of land	931,000	-
Profit on sale of Wasgau hotel	97,605	-
Profit/(loss) on sale of other tangible fixed assets	-	(343)
	1,028,605	(343)

10. Interest payable and similar expenses

	2017	2016
	£	£
Interest payable on bank borrowings	67,729	101,259
Other similar charges payable	9,102	14,800
	76,831	116,059

11. Taxation

Analysis of the tax charge

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

	2017	2016
	£	£
Current tax:		
UK corporation tax	574,747	222,226
(Over)/under provision in prior year	12,284	-
Total current tax	587,031	222,226
Deferred tax	201,167	9,138
Tax on profit	788,198	231,364

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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:

	2017	2016
	£	£
Profit before tax	**2,173,853**	541,631
Profit multiplied by the standard rate of corporation tax in the UK of 19.246% (2016 - 20%)	**418,380**	108,326
Effects of:		
Expenses not deductible for tax purposes	**8,076**	7,931
Income not taxable for tax purposes	**(27,308)**	(14,287)
Depreciation in excess of capital allowances	**45,922**	39,919
Utilisation of tax losses	**-**	(65,379)
Adjustments to tax charge in respect of previous periods	**12,284**	-
Unrealised foreign exchange loss/(gain) not taxable	**35,021**	66,120
Foreign tax	**121,591**	88,734
Chargeable gains	**456,255**	-
Profit on disposal of fixed assets	**(197,965)**	-
Double tax relief	**(84,058)**	-
Total tax charge	**788,198**	231,364

Tax effects relating to effects of other comprehensive income

	Gross	Tax	2017 Net
	£	£	£
Retranslation of subsidiary's net assets	**197,836**	**-**	**197,836**

	Gross	Tax	2016 Net
	£	£	£
Retranslation of subsidiary's net assets	739,715	-	739,715

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

	2017	2016
	£	£
Ordinary shares of £1 each		
Interim	**260,000**	300,000

continued...

14. Intangible fixed assets

Group

	Goodwill £
Cost	
At 1 January 2017 and 31 December 2017	501,000
Amortisation	
At 1 January 2017	392,933
Amortisation for year	25,050
At 31 December 2017	417,983
Net book value	
At 31 December 2017	83,017
At 31 December 2016	108,067

Company

	Goodwill £
Cost	
At 1 January 2017 and 31 December 2017	501,000
Amortisation	
At 1 January 2017	392,933
Amortisation for year	25,050
At 31 December 2017	417,983
Net book value	
At 31 December 2017	83,017
At 31 December 2016	108,067

continued...

15. Tangible fixed assets

Group

	Freehold property £	Long leasehold £	Fixtures and fittings £	Computer equipment £	Totals £
Cost					
At 1 January 2017	11,867,666	650,904	4,353,670	31,085	16,903,325
Additions	74,846	15,475	156,219	-	246,540
Disposals	(844,766)	-	(136,929)	-	(981,695)
Exchange differences	201,441	-	17,645	1,148	220,234
At 31 December 2017	11,299,187	666,379	4,390,605	32,233	16,388,404
Depreciation					
At 1 January 2017	2,131,600	138,445	3,921,213	19,927	6,211,185
Charge for year	167,768	13,173	152,875	4,131	337,947
Eliminated on disposal	(335,929)	-	(86,620)	-	(422,549)
Exchange differences	22,411	-	12,517	794	35,722
At 31 December 2017	1,985,850	151,618	3,999,985	24,852	6,162,305
Net book value					
At 31 December 2017	9,313,337	514,761	390,620	7,381	10,226,099
At 31 December 2016	9,736,066	512,459	432,457	11,158	10,692,140

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 2017.

Included in the net book value of £10,226,099 (2016: £10,692,140), are non-depreciable assets of £3,174,815 (2016: £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

	2017 £	2016 £
Historical cost	6,040,319	6,040,319
Depreciation:		
At 1 January 2017	1,778,158	1,658,558
Charge for the year	119,600	119,600
At 31 December 2017	1,897,758	1,778,158
Net historical cost value		
At 31 December 2017	4,142,561	4,262,161
At 31 December 2016	4,262,161	4,381,761

continued...

15. Tangible fixed assets - continued

Company

	Freehold property £	Long leasehold £	Fixtures and fittings £	Totals £
Cost				
At 1 January 2017	6,088,673	650,904	3,866,513	10,606,090
Additions	74,846	15,475	99,217	189,538
At 31 December 2017	6,163,519	666,379	3,965,730	10,795,628
Depreciation				
At 1 January 2017	1,415,253	138,445	3,583,884	5,137,582
Charge for year	118,522	13,173	117,548	249,243
At 31 December 2017	1,533,775	151,618	3,701,432	5,386,825
Net book value				
At 31 December 2017	4,629,744	514,761	264,298	5,408,803
At 31 December 2016	4,673,420	512,459	282,629	5,468,508

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 2017.

16. Fixed asset investments

Group

	Unlisted investments £
Cost	
At 1 January 2017	6,594
Exchange differences	243
At 31 December 2017	6,837
Net book value	
At 31 December 2017	6,837
At 31 December 2016	6,594

Company

	Shares in group undertakings £
Cost	
At 1 January 2017 and 31 December 2017	12,836
Net book value	
At 31 December 2017	12,836
At 31 December 2016	12,836

continued...

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 2017 and 31 December 2017	**350,000**
Net book value	
At 31 December 2017	**350,000**
At 31 December 2016	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 2017.

Company

	Total £
Fair value	
At 1 January 2017 and 31 December 2017	**350,000**
Net book value	
At 31 December 2017	**350,000**
At 31 December 2016	350,000

18. Stocks

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Stocks	**58,909**	58,114	**32,448**	31,063

Stock recognised in cost of sales during the year as an expense was £1,208,352 (2016: £1,390,000).

19. Debtors

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	**321,764**	282,792	**120,358**	82,049
Other debtors	**187,600**	157,708	**-**	1,350
Prepayments and accrued income	**73,068**	73,026	**64,366**	62,368
	582,432	513,526	**184,724**	145,767

continued...

19. Debtors - continued

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Amounts falling due after more than one year:				
Amounts owed by group undertakings	-	-	5,070,853	5,684,589
Amounts owed by related undertakings	355,485	280,126	355,485	280,126
Other debtors	808,532	661,736	-	-
	1,164,017	941,862	5,426,338	5,964,715
Aggregate amounts	1,746,449	1,455,388	5,611,062	6,110,482

20. Creditors: amounts falling due within one year

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Bank loans and overdrafts (see note 22)	587,968	554,335	343,937	331,798
Trade creditors	469,245	395,197	283,008	234,794
Corporation tax	491,072	229,491	453,156	133,492
CT61 tax creditor	1,622	2,876	1,622	2,876
Social security and other taxes	31,160	26,192	21,935	15,351
VAT	249,395	241,994	234,453	239,653
Other creditors	20,314	20,248	17,890	17,554
Directors' loan accounts	53,378	96,950	53,378	96,950
Accruals and deferred income	159,661	157,199	66,518	81,004
	2,063,815	1,724,482	1,475,897	1,153,472

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

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Bank loans (see note 22)	522,862	2,497,845	207,148	1,958,028

continued...

22. Loans

An analysis of the maturity of loans is given below:

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank loans	**587,968**	554,335	**343,937**	331,798
Amounts falling due between one and two years:				
Bank loans - 1-2 years	**267,604**	554,335	**207,148**	331,798
Amounts falling due between two and five years:				
Bank loans - 2-5 years	**104,948**	1,312,673	**-**	995,393
Amounts falling due in more than five years:				
Repayable by instalments				
Bank loans more 5 yr by instal	**150,310**	630,837	**-**	630,837

23. Leasing agreements

Minimum lease payments fall due as follows:

Group

	Non-cancellable operating leases	
	2017	2016
	£	£
Within one year	**37,079**	42,016
Between one and five years	**8,551**	44,149
	45,630	86,165

Company

	Non-cancellable operating leases	
	2017	2016
	£	£
Within one year	**18,170**	22,414
Between one and five years	**2,630**	20,800
	20,800	43,214

24. Secured debts

The following secured debts are included within creditors:

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Bank loans	**1,110,830**	3,052,180	**551,085**	2,289,826

The bank loans and overdrafts are secured by a fixed and floating charge over all of the group's properties.

continued...

25. Provisions for liabilities

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Deferred tax				
Accelerated capital allowances	66,525	53,788	66,525	53,788
Other timing differences	188,430	-	188,430	-
	254,955	53,788	254,955	53,788

Group

	Deferred tax
	£
Balance at 1 January 2017	53,788
Provided during year	201,167
Balance at 31 December 2017	254,955

Company

	Deferred tax
	£
Balance at 1 January 2017	53,788
Provided during year	201,167
Balance at 31 December 2017	254,955

26. Called up share capital

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2017 £	2016 £
100	Ordinary	£1	100	100

continued...

27. Reserves

Group

	Retained earnings £	Revaluation reserve £	Foreign currency translation reserve £	Totals £
At 1 January 2017	5,794,051	1,168,999	1,230,158	8,193,208
Profit for the year	1,243,459			1,243,459
Dividends	(260,000)			(260,000)
Exchange differences on retranslation of net assets of subsidiary undertakings	-	-	197,836	197,836
Transfer to/from revaluation reserve	23,380	(23,380)	-	-
At 31 December 2017	6,800,890	1,145,619	1,427,994	9,374,503

Company

	Retained earnings £	Revaluation reserve £	Totals £
At 1 January 2017	7,951,399	1,168,999	9,120,398
Profit for the year	949,445		949,445
Dividends	(260,000)		(260,000)
Transfer to/from revaluation reserve	23,380	(23,380)	-
At 31 December 2017	8,664,224	1,145,619	9,809,843

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 £260,000 (2016: £300,000).

Throughout the year a loan existed between the company and Prince Nasser. The outstanding amounts were as follows:

Beginning of the year	-	£96,950	(due from the company)
End of the year	-	£53,378	(due from the company)
Maximum outstanding during the year	-	£194,777	(due from the company)

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. At the year end the amount outstanding was £355,485 (2016: £280,126) and this amount is included in debtors - amounts owed by related companies. The loan is translated at the year-end rate.

During the year an additional amount was loaned to 3P Investments GmbH of 44,000 Euros.

Key management personnel compensation for the group in the year totalled £173,372 (2016: £183,916).

continued...

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

	2017	2016
	£	£
Profit before taxation	**2,173,853**	541,631
Depreciation charges	**362,998**	389,600
(Profit)/loss on disposal of fixed assets	**(1,035,104)**	343
(Gain)/loss on foreign exchange on debt	**132,728**	508,196
Finance costs	**76,831**	116,059
Finance income	**(102,379)**	(93,670)
	1,608,927	1,462,159
(Increase)/decrease in stocks	**(795)**	10,865
Increase in trade and other debtors	**(291,061)**	(135,353)
Increase in trade and other creditors	**88,945**	67,230
Cash generated from operations	**1,406,016**	1,404,901

30. 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 2017

	31/12/17	1/1/17
	£	£
Cash and cash equivalents	**336,477**	**248,477**

Year ended 31 December 2016

	31/12/16	1/1/16
	£	£
Cash and cash equivalents	248,477	220,079