

Flexford Limited
Unaudited Financial Statements
31 December 2016



Flexford Limited

Officers and Professional Advisers

The board of directors

K R Spencer
L Clark

Company secretary

C J Payne

Registered office

45 Westerham Road
Bessels Green
Sevenoaks
Kent
TN13 2QB

Bankers

National Westminster Bank Plc
27 South Street
Worthing
West Sussex
BN11 3AR

Flexford Limited

Directors' Report

Year ended 31 December 2016

The directors present their report and the unaudited financial statements of the company for the year ended 31 December 2016.

Principal activities

The principal activity of the company at the start of the year was to redevelop the hotel and restaurant site. The company had temporarily ceased operating as a hotel, restaurant and bar since 2013. However, the hotel, restaurant and bar officially re-opened for trading on 01 July 2016.

Directors

The directors who served the company during the year were as follows:

K R Spencer
L Clark

Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

This report was approved by the board of directors on ~~29 September 2017~~ ^{29 September 2016} and signed on behalf of the board by:

K R Spencer
Director

A handwritten signature in black ink, appearing to be 'K R Spencer', written over a circular stamp or seal.

Flexford Limited
Income Statement
Year ended 31 December 2016

| | Note | 2016 £ | 2015 £ |
|------------------------------------|------|---------------------------|------------------------|
| Turnover | | 789,783 | 11,869 |
| Cost of sales | | <u>(629,979)</u> | <u>(37,880)</u> |
| Gross profit/(loss) | | 159,804 | (26,011) |
| Administrative expenses | | <u>(1,313,986)</u> | (14,268) |
| Other operating income | | <u>—</u> | <u>8,816</u> |
| Operating loss | | (1,154,182) | (31,463) |
| Loss before taxation | | (1,154,182) | (31,463) |
| Tax on loss | 4 | <u>—</u> | <u>—</u> |
| Loss for the financial year | | <u>(1,154,182)</u> | <u>(31,463)</u> |

The notes on pages 5 to 10 form part of these financial statements.

Flexford Limited
Statement of Financial Position
31 December 2016

| | Note | 2016 £ | 2015 £ |
|---|------|---------------------------|---------------------------|
| Fixed assets | | | |
| Tangible assets | 6 | 5,818,223 | 5,561,346 |
| Current assets | | | |
| Stocks | | 11,731 | — |
| Debtors | 7 | 82,294 | 58,577 |
| Cash at bank and in hand | | 193,058 | 36,876 |
| | | <u>287,083</u> | <u>95,453</u> |
| Creditors: amounts falling due within one year | 8 | <u>(12,302,871)</u> | <u>(10,700,182)</u> |
| Net current liabilities | | (12,015,788) | (10,604,729) |
| Total assets less current liabilities | | (6,197,565) | (5,043,383) |
| Net liabilities | | <u>(6,197,565)</u> | <u>(5,043,383)</u> |
| Capital and reserves | | | |
| Called up share capital | | 110 | 110 |
| Profit and loss account | | <u>(6,197,675)</u> | <u>(5,043,493)</u> |
| Members deficit | | <u>(6,197,565)</u> | <u>(5,043,383)</u> |

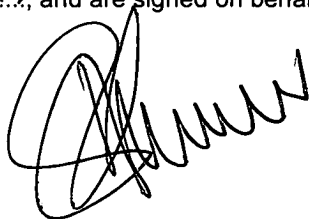
These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

For the year ending 31 December 2016 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors responsibilities:

- The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476;
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

These financial statements were approved by the board of directors and authorised for issue on 29 September 2017, and are signed on behalf of the board by:



K R Spencer
Director

Company registration number: 06197768

The notes on pages 5 to 10 form part of these financial statements.

Flexford Limited
Notes to the Financial Statements
Year ended 31 December 2016

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 45 Westerham Road, Bessels Green, Sevenoaks, Kent, TN13 2QB.

2. Statement of compliance

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis.

The financial statements are prepared in sterling, which is the functional currency of the entity. Monetary amounts in these financial statements are rounded to the nearest £.

Going concern

The company has the continued financial support of the director. Based on this support, the company will have sufficient resources to meet its financial liabilities as they fall due and the director has therefore prepared the financial statements on the going concern basis.

Should the company be unable to meet its liabilities as they fall due, adjustments would have to be made to the financial statements to reduce the value of assets to their recoverable amount and to provide for any further liabilities which may arise.

Transition to FRS 102

These financial statements are the first financial statements of Flexford Limited prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). The financial statements of Flexford Limited for the year ended 31 December 2015 were prepared in accordance with Financial Reporting Standard for Smaller Entities (effective January 2015) (FRSSE). The transition date is 1 January 2015.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from the FRSSE. Consequently, the directors have amended certain accounting policies to comply with FRS 102. The directors have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

Revenue recognition

The turnover shown in the income statement represents income derived from hotel accommodation, food and beverage sales during the year, exclusive of VAT.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

Flexford Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

3. Accounting policies *(continued)*

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund. Unpaid contributions at the year-end are shown within creditors.

Employee Benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are required.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Tangible fixed assets

All fixed assets are initially recorded at cost.

Hotel development costs were still under construction in the previous year, and so were not depreciated in the year ended 31 December 2015. The Hotel site reopened in July 2016, and so hotel development costs were depreciated from this date, for the year ended 31 December 2016.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

| | | |
|-------------------------|---|-------------------|
| Office equipment | - | 25% straight line |
| Furniture and fixtures | - | 25% straight line |
| Hotel equipment | - | 25% straight line |
| Hotel development costs | - | 10% straight line |

Flexford Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

3. Accounting policies *(continued)*

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Flexford Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

4. Taxation on ordinary activities

The company has trading losses of £4,512,962 (2015: £3,756,342) available to carry forward against future trading profits.

Due to the uncertainty over the future profits of the company, a deferred tax asset of £767,204 (2015: £795,793) and a deferred tax liability of £Nil (2015: £816,600) has not been recognised.

5. Employees

The average number of persons employed by the company during the year, including the directors, amounted to 26 (2015: Nil).

6. Tangible fixed assets

| | Hotel & office equipment £ | Furniture and fixtures £ | Assets under construction £ | Hotel development costs £ | Total £ |
|----------------------------|----------------------------------|--------------------------------|-----------------------------------|------------------------------------|------------------|
| Cost | | | | | |
| At 1 January 2016 | 14,503 | 17,193 | 5,529,650 | – | 5,561,346 |
| Additions | 263,826 | 259,681 | – | 138,709 | 662,216 |
| Disposals | – | (92) | – | (64,039) | (64,131) |
| Transfer | – | – | (5,529,650) | 5,529,650 | – |
| At 31 December 2016 | 278,329 | 276,782 | – | 5,604,320 | 6,159,431 |
| Depreciation | | | | | |
| At 1 January 2016 | – | – | – | – | – |
| Charge for the year | 27,343 | 33,955 | – | 279,910 | 341,208 |
| At 31 December 2016 | 27,343 | 33,955 | – | 279,910 | 341,208 |
| Carrying amount | | | | | |
| At 31 December 2016 | 250,986 | 242,827 | – | 5,324,410 | 5,818,223 |
| At 31 December 2015 | – | 17,193 | 5,529,650 | – | 5,561,346 |

7. Debtors

| | 2016 £ | 2015 £ |
|---------------|---------------|-----------|
| Trade debtors | 11,857 | 6,704 |
| Other debtors | 70,437 | 51,873 |
| | 82,294 | 58,577 |

8. Creditors: amounts falling due within one year

| | 2016 £ | 2015 £ |
|---------------------------------|-------------------|------------|
| Trade creditors | 226,611 | 46,464 |
| Social security and other taxes | 29,445 | – |
| Other creditors | 12,046,815 | 10,653,718 |
| | 12,302,871 | 10,700,182 |

Flexford Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

9. Related party transactions

Included in other creditors is £10,249,952 (2015: £9,897,442) due to K R Spencer, a director and shareholder. The loan is interest free and repayable on demand.

Included in other creditors is £10,000 (2015: £Nil) due to Bishops Investments Limited in respect of funding provided. K R Spencer is the sole director and shareholder of Bishops Investments Limited.

Included in other creditors is £198,800 (2015: £198,800) is due to Flanstead Limited in respect of funding provided. During the year £87,393 (2015: Nil) was paid to Flanstead Ltd in respect of rates paid on Flexford Limited's behalf. The balance at the end of the year was £28,783 (2015: £Nil) and is included in trade creditors. K R Spencer is the sole director and shareholder of Flanstead Limited.

Included in other creditors is £907,256 (2015: £364,512) due to NDA Gymnastics Limited in respect of income collected by Flexford Limited on their behalf. During the year sales and recharges amounting to £17,793 (2015: £20,828) were made to NDA Gymnastics Limited. The balance outstanding at the end of the year was £4,395 (2015: £1,480) and is included in trade debtors. K R Spencer is a director of this company and has a controlling interest in it.

The following related party transactions were with subsidiaries of SQIB Limited, in which K R Spencer is a director and the majority shareholder in its ultimate parent company Armature Limited. A balance of £Nil (2015: £10,000) was due to Bishops UK Limited in respect of funding provided. During the year services charges amounting to £128,871 (2015: £3,147) were paid to Integra Property Management Limited. The balance outstanding at the end of the year was £91,597 (2015: £4,863) and is included in trade creditors. During the year recharges of £955 (2015: £2,420) were made to Integra Property Management Limited. During the year sales and recharges amounting to £9,265 (2015: £21,030) were made to Salomons UK Ltd. The balance at the end of the year was £733 (2015: £2,589) and is included in trade debtors. During the year purchases and recharges amounting to £55,111 (2015: £2,323) were bought from Salomons UK Ltd. The balance at the end of the year was £32,842 (2015: £1,311) and is included in trade creditors.

The following related party transactions were with subsidiaries of Markerstudy Holdings Limited, in which K R Spencer is a director and the majority shareholder. Included in other creditors is £179,336 (2015: £179,336) due to One Media and Creative UK Limited in respect of marketing services supplied. During the year sales and recharges amounting to £2,970 (2015: £269) were made to One Media and Creative UK Limited. The balance outstanding at the end of year was £375 (2015: £Nil) and is included in trade debtors. During the year purchases and recharges amounting to £91,742 (2015: £9,117) were bought from One Media and Creative UK Limited. The balance at the end of the year was £1,626 (2015: £3,321) and is included in trade creditors. Included in creditors is £7,107 (2015: £Nil) due from Markerstudy Limited in respect of telephone services recharged by Markerstudy Limited. During the year sales and recharges amounting to £2,670 (2015: £Nil) were made to Markerstudy Limited. During the year purchases and recharges amounting to £6,482 (2015: (£1,071)) were bought from Markerstudy Limited. The balance at the end of the year was £244 (2015: £Nil) and is included in trade creditors. During the year purchases and recharges amounting to £46,930 (2015: £845) were bought from Trifords Limited. The balance at the end of the year was £11,044 (2015: £1,681) and is included in trade creditors.

Flexford Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

10. Transition to FRS 102

These are the first financial statements that comply with FRS 102. The company transitioned to FRS 102 on 1 January 2015.

No transitional adjustments were required in equity or profit or loss for the year.