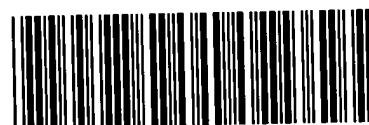


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Salomons UK Limited
Financial Statements
31 March 2018

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Salomons UK Limited
Financial Statements
Year ended 31 March 2018

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Salomons UK Limited

Officers and Professional Advisers

The board of directors

K R Spencer
K J Barber
G Humphreys

Company secretary

C J Payne

Registered office

45 Westerham Road
Bessels Green
Sevenoaks
Kent
TN13 2QB

Auditor

RSM UK Audit LLP
Chartered Accountants & statutory auditor
Hanover House
18 Mount Ephraim Road
Tunbridge Wells
Kent
TN1 1ED

Bankers

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

Salomons UK Limited

Directors' Report

Year ended 31 March 2018

The directors present their report and the financial statements of the company for the year ended 31 March 2018.

Principal activities

The principal activity of the company during the period was hotel accommodation, food and beverage sales, provision of venue hire and provision of leisure activities.

Directors

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

K R Spencer
K J Barber
G Humphreys

Auditor

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be reappointed as auditors in the absence of an Annual General Meeting.

Each of the persons who is a director at the date of approval of this report confirms that:

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

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 12 December 2018 and signed on behalf of the board by:



K J Barber

Director

Registered office:
45 Westerham Road
Bessels Green
Sevenoaks
Kent
TN13 2QB

Salomons UK Limited

Directors' Responsibilities Statement

Year ended 31 March 2018

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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 directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

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

Salomons UK Limited

Independent Auditor's Report to the Members of Salomons UK Limited

Year ended 31 March 2018

Opinion

We have audited the financial statements of Salomons UK Limited (the 'company') for the year ended 31 March 2018 which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position, 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 FRS 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 company's affairs as at 31 March 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company 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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company'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.

Salomons UK Limited

Independent Auditor's Report to the Members of Salomons UK Limited (continued)

Year ended 31 March 2018

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the directors' report.

Salomons UK Limited

Independent Auditor's Report to the Members of Salomons UK Limited (continued)

Year ended 31 March 2018

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are 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 directors determine is 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 directors are responsible for assessing the 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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 an auditor's report 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: <http://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

Salomons UK Limited

Independent Auditor's Report to the Members of Salomons UK Limited *(continued)*

Year ended 31 March 2018

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 an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

Gary Purdy (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Hanover House
18 Mount Ephraim Road
Tunbridge Wells
Kent
TN1 1ED

12 December 2018

Salomons UK Limited

Statement of Income and Retained Earnings

Year ended 31 March 2018

	Note	2018 £	2017 £
Turnover	4	3,197,568	3,243,446
Cost of sales		<u>(882,682)</u>	<u>(962,165)</u>
Gross profit		2,314,886	2,281,281
Administrative expenses		<u>(4,585,672)</u>	<u>(6,609,076)</u>
Operating loss		(2,270,786)	(4,327,795)
Interest payable		<u>(180,940)</u>	<u>—</u>
Loss before taxation	7	(2,451,726)	(4,327,795)
Taxation on ordinary activities	8	<u>—</u>	<u>—</u>
Loss for the financial year and total comprehensive income		<u>(2,451,726)</u>	<u>(4,327,795)</u>
Retained losses at the start of the year		<u>(12,165,460)</u>	<u>(7,837,665)</u>
Retained losses at the end of the year		<u>(14,617,186)</u>	<u>(12,165,460)</u>

All the activities of the company are from continuing operations.

The notes on pages 10 to 16 form part of these financial statements.

Salomons UK Limited
Statement of Financial Position

31 March 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	9	983,722	1,310,331
Current assets			
Stocks	10	22,373	18,481
Debtors	11	1,367,652	952,705
Cash at bank and in hand		96,955	41,635
		<u>1,486,980</u>	<u>1,012,821</u>
Creditors: amounts falling due within one year	12	<u>(13,244,749)</u>	<u>(14,487,612)</u>
Net current liabilities		<u>(11,757,769)</u>	<u>(13,474,791)</u>
Total assets less current liabilities		<u>(10,774,047)</u>	<u>(12,164,460)</u>
Creditors: amounts falling due after more than one year	13	<u>(3,842,139)</u>	<u>—</u>
Net liabilities		<u>(14,616,186)</u>	<u>(12,164,460)</u>
Capital and reserves			
Called up share capital		1,000	1,000
Profit and loss account		<u>(14,617,186)</u>	<u>(12,165,460)</u>
Shareholders deficit		<u>(14,616,186)</u>	<u>(12,164,460)</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'.

These financial statements were approved by the board of directors and authorised for issue on 12 December 2018, and are signed on behalf of the board by:



K J Barber
Director

Company registration number: 08501898

The notes on pages 10 to 16 form part of these financial statements.

Salomons UK Limited

Notes to the Financial Statements

Year ended 31 March 2018

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.

Going concern

At 31 March 2018 the company had a deficit of £14,616,186 and made a loss of £2,451,726 for the year ended on that date. The company has the continued financial support of its ultimate controlling shareholder K R Spencer who has confirmed that he will provide continuing support for at least the period to June 2020. Based on this support, the company will have sufficient resources to meet its financial liabilities as they fall due and the directors have 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.

Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The directors do not consider there to be estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities.

Salomons UK Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2018

Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the group financial statements of SQIB Limited. Details on how to obtain these financial statements can be found in note 16 of the financial statements. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) No cash flow statement has been presented for the company.
- (b) Disclosures in respect of financial instruments have not been presented.
- (c) No disclosure has been given for the aggregate remuneration of key management personnel.

Revenue recognition

The turnover shown in the profit and loss account represents income derived from hotel accommodation, food and beverage sales, venue hire and leisure activities during the period, exclusive of Value Added Tax.

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.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

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:

Leasehold improvements	- 20% straight line
Hotel and leisure equipment	- 25% straight line
Fixtures & fittings	- 25% straight line
Motor vehicles	- 25% straight line

Salomons UK Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2018

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.

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, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument, and are offset only when the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Trade, group and other debtors

Trade, group and other debtors (including accrued income) which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Financial liabilities and equity

Financial instruments are classified as liabilities and equity instruments 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.

Equity instruments

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

Trade, group and other creditors

Trade, group and other creditors (including accruals) payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Salomons UK Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2018

4. Turnover

Turnover arises from:

	2018 £	2017 £
Provision of food and drink	1,449,980	1,368,276
Provision of hotel accommodation, venue hire and leisure activities	1,747,588	1,875,170
	<u>3,197,568</u>	<u>3,243,446</u>

Turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

5. Auditor's remuneration

	2018 £	2017 £
Fees payable for the audit of the financial statements	<u>14,250</u>	<u>12,500</u>

6. Particulars of employees

The average number of persons employed by the company during the year amounted to 103 (2017: 163).

7. Loss before taxation

Loss before taxation is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets	543,005	805,843
Interest payable on other loans	<u>180,940</u>	<u>—</u>

8. Taxation on ordinary activities

Reconciliation of tax income

The tax assessed on the loss on ordinary activities for the year is higher than (2017: higher than) the standard rate of corporation tax in the UK of 19% (2017: 20%).

	2018 £	2017 £
Loss on ordinary activities before taxation	<u>(2,451,726)</u>	<u>(4,327,795)</u>
Loss on ordinary activities by rate of tax	(465,828)	(865,559)
Effect of expenses not deductible for tax purposes	36,158	1
Rounding on tax charge	—	(1)
Group relief surrendered for nil value	380,633	778,328
Fixed asset differences	26,541	12,669
Changes to deferred tax rates	2,368	67,669
Deferred tax assets not recognised	<u>20,128</u>	<u>6,893</u>
Tax on loss	<u>—</u>	<u>—</u>

Salomons UK Limited

Notes to the Financial Statements (continued)

Year ended 31 March 2018

9. Tangible assets

	Leasehold Improve- ments £	Hotel & leisure equipment £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1 April 2017	521,549	980,308	2,020,407	78,950	3,601,214
Additions	156,454	53,656	3,124	3,600	216,834
Disposals	—	—	(7,000)	—	(7,000)
At 31 March 2018	678,003	1,033,964	2,016,531	82,550	3,811,048
Depreciation					
At 1 April 2017	111,227	324,981	1,790,715	63,960	2,290,883
Charge for the year	139,687	235,618	158,125	9,575	543,005
Disposals	—	—	(6,562)	—	(6,562)
At 31 March 2018	250,914	560,599	1,942,278	73,535	2,827,326
Carrying amount					
At 31 March 2018	427,089	473,365	74,253	9,015	983,722
At 31 March 2017	410,322	655,327	229,692	14,990	1,310,331

10. Stocks

	2018 £	2017 £
Goods for resale	22,373	18,481

11. Debtors

	2018 £	2017 £
Trade debtors	30,293	21,476
Other debtors	1,337,359	931,229
	1,367,652	952,705

12. Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	354,976	334,468
Amounts owed to group undertakings	12,063,049	10,254,973
Social security and other taxes	71,313	29,643
Other creditors	755,411	3,868,528
	13,244,749	14,487,612

Included within other creditors is loan interest payable of £180,940 (2017: £Nil) which relates to amounts formalised into a long term loan during the year, which is included within note 13. An interest rate of Bank of England base rate plus 5.75% per annum is being charged on this loan.

Salomons UK Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2018

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

	2018 £	2017 £
Other creditors	<u>3,842,139</u>	<u>—</u>

14. Commitments under operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2018 £	2017 £
Not later than 1 year	66,667	200,000
Later than 1 year and not later than 5 years	<u>—</u>	<u>66,667</u>
	<u>66,667</u>	<u>266,667</u>

Salomons UK Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2018

15. Related party transactions

Transactions between the Company and its related parties are disclosed below:

Other related parties

	2018 £	2017 £
Accommodation, room and venue hire	67,592	130,953
Provision of hospitality	17	7,840
Recharge of staff costs and meeting rooms	139,948	131,608
Recharge of hotel expenses	20,705	33,564
Payroll Costs paid on behalf of other related entities	630,490	508,848
Purchase of advertising and marketing services	(156,033)	(119,667)
Staff costs and meeting rooms recharged	(114,809)	(147,339)
Purchase of IT/Telecommunications	(157,702)	(141,541)
Purchase of office stationery	(2,093)	(13,135)
Recharge of credit cards for hotel / bevl water expenses	(36,905)	(31,118)
Purchase of insurance cover	(20,534)	(29,559)
Purchase of hotel equipment	(23,240)	–
Provision of staff and associated costs	(556,524)	(1,660,702)

The following amounts were outstanding at the reporting end date:

Amounts owed by related parties

	2018 £	2017 £
Other related parties	901,424	527,786

Amounts owed to related parties

	2018 £	2017 £
Other related parties	4,334,745	3,806,691

Other related parties comprise companies in the group headed by Markerstudy Holdings Limited and are related by virtue of common control.

The amounts outstanding are unsecured, non-interest bearing and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the year (2017: £nil) in respect of bad debts from related parties.

16. Controlling party

The immediate parent undertaking is SQIB Limited, a company registered in England and Wales. Copies of the immediate parent company's consolidated financial statements may be obtained from 45 Westerham Road, Bessels Green, Sevenoaks, Kent TN13 2QB.

The ultimate parent undertaking is Armatire Limited, which owns a 75% shareholding in SQIB Limited. Armatire Limited is controlled by K R Spencer and A Spencer.