REPORT OF THE DIRECTORS AND

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

FOR

DEVONSHIRE CLUB LIMITED

CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2017

DIRECTORS:	P A F Harris M R Carrington M N Mansur E A Mansur Ms J Robertson Ms A E Entwistle
REGISTERED OFFICE:	21 Marina Court Hull East Yorkshire HU1 1TJ
REGISTERED NUMBER:	08869785 (England and Wales)
AUDITORS:	BDO LLP 55 Baker Street London W1U 7EU

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report with the financial statements of the company for the year ended 31 December 2017.

PRINCIPAL ACTIVITY
The principal activity of the Company is that of a high quality 68-bedroom private members club, with restaurant and bar facilities. The club opened in early summer 2017.

DIRECTORS
The directors shown below have held office during the period from 1 January 2017:

P A F Harris
M N Mansur
E A Mansur
Ms J Robertson
Ms A E Entwistle
M R Carrington – appointed 17 November 2017
B M Clivaz – resigned 11 September 2017
I G Robinson -resigned 17 November 2017

GOING CONCERN
These accounts have been prepared under the going concern principle although the liabilities of the Company exceed its assets. The Company is reliant on the continued support of its parent company. The Directors are confident that such support will continue to be provided. The Directors consider that the going concern concept continues to be appropriate and this has therefore been applied. In making this assessment, the Directors have also considered projections of the future performance of the business. If the going concern basis proves not to be appropriate, adjustments would have to be made to reduce the balance sheet value of assets to their recoverable amounts and to provide for any further liabilities that might arise.

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Report of the Directors 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 of 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS
BDO LLP, have been appointed as the auditors of the Company. Under section 487(2) of the Companies Act 2006, BDO LLP will be deemed to have been reappointed as auditors 28 days after these financial statements have been sent to members or 28 days after the latest date prescribed for filing the financial statements, whichever is the earlier.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2017

This report has been prepared in accordance with the provisions of the Companies Act 2006 relating to small companies.

FOR AND ON BEHALF OF THE BOARD:

M R Carrington - Director

Date: 28/09/18

Opinion

We have audited the financial statements of Devonshire Club Limited ("the Company") for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity 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 Company's affairs as at 31 December 2017 and of its loss 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 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.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors 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 Report of the Directors.

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; orthe 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.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, 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 at the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

BDO LLP

Geraint Jones (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London

Date 28 September 2018

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £'000	2016 £'000
TURNOVER		8,131,024	3,338,295
Cost of sales		(5,409,821)	(3,269,761)
GROSS PROFIT		2,721,203	68,534
Administrative expenses		(7,925,167)	(6,257,238)
		(5,203,964)	(6,188,704)
Other operating income		-	-
OPERATING LOSS	5	(5,203,964)	(6,188,704)
Interest receivable and similar income		-	1,013
		(5,203,964)	(6,187,691)
Interest payable and similar expenses	6	(459,559)	(247,948)
LOSS BEFORE TAXATION		(5,663,523)	(6,435,639)
Tax on loss	7	1,461,281	1,042,208
LOSS FOR THE FINANCIAL YEAR		(4,202,242)	(5,393,431)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(4,202,242)	(5,393,431)

The notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2017

		2017		2016	
	Notes	£'000	£'000	£'000	£'000
NON CURRENT ASSETS					
Tangible assets	8		21,178,711		21,798,739
Deferred tax	16		3,019,270		1,557,989
			24,197,981		23,356,728
CURRENT ASSETS					
Stocks	9	101,591		95,592	
Debtors	10	274,640		158,270	
Cash at bank		373,511		523,025	
		749,742		776,887	
CREDITORS					
Amounts falling due within one year	11	20,657,459		16,647,878	
NET CURRENT LIABILITIES			(19,907,717)		(14,313,003)
TOTAL ASSETS LESS CURRENT LIABILITIES			4,290,264		7,485,736
CREDITORS					
Amounts falling due after more than one year	12		15,449,060		14,442,290
NET LIABILITIES			(11,158,796)		(6,956,554)
CAPITAL AND RESERVES					
Called up share capital	17		3		3
Share premium	18		500,000		500,000
Retained earnings	18		(11,658,799)		(7,456,557)
SHAREHOLDERS' DEFICIT			(11,158,796)		(6,956,554)

The financial statements were approved by the Board of Directors on 28/09/2018 and were signed on its behalf by:

....

M R Carrington - Director

The notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up share capital £'000	Retained earnings £'000	Share premium £'000	Total equity £'000
Balance at 1 April 2016				
Changes in equity				
Total comprehensive loss	-	(5,393,431)	-	(5,393,431)
Balance at 31 December 2016	3	(7,456,557)	500,000	(6,956,554)
Changes in equity				
Total comprehensive loss	-	(4,202,242)	-	(4,202,242)
Balance at 31 December 2017	3	(11,658,799)	500,000	(11,158,796)

The notes form part of these financial statements

1. STATUTORY INFORMATION

Devonshire Club 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 Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements
The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies.

The following principal accounting policies have been applied:

Financial reporting standard 102 – reduced disclosure exemptions
The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41€, 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Devonshire Club (Holdings) Limited as at 31 December 2017 and these financial statements may be obtained from Companies House.

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

Tangible fixed assets
Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the following rates:

Depreciation is provided on the following basis:

Long leasehold buildings	-	33 years straight line
Fixtures and fittings	-	5 years straight line
Computer equipment	-	3 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated Statement of Comprehensive Income.

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

2. **ACCOUNTING POLICIES - continued**

Taxation
Taxation for the year comprises current and deferred tax. Tax is recognised in the 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.

Hire purchase and leasing commitments
Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Going concern
These accounts have been prepared under the going concern principle although the liabilities of the Company exceed its assets. The Company is reliant on the continued support of its parent company. The Directors are confident that such support will continue to be provided. The Directors consider that the going concern concept continues to be appropriate and this has therefore been applied. In making this assessment, the Directors have also considered projections of the future performance of the business. If the going concern basis proves not to be appropriate, adjustments would have to be made to reduce the balance sheet value of assets to their recoverable amounts and to provide for any further liabilities that might arise.

3. **JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In preparing the financial statements, the directors have made the following judgements:

- Considering the recoverability of deferred tax assets for evidence of impairment given expected cash flows.
- Determine whether there are indicators of impairment of the group's tangible asset. Factors taken into consideration in reaching such a decision include the expected future financial performance of the asset.

Other key sources of estimation uncertainty

- Tangible fixed assets

  Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors.

4. EMPLOYEES AND DIRECTORS

	2017	2016
Wages and salaries	3,875,397	2,774,669
Social security costs	346,126	270,315
	4,221,523	3,044,984

	2017	2016
The average monthly number of employees during the year was as follows	139	99

	2017	2016
Directors' remuneration	160,833	98,333

5. OPERATING LOSS

The operating loss is stated after charging:

	2017	2016
Hire of plant and machinery	27,137	6,696
Other operating leases	2,931,841	2,981,613
Depreciation	1,102,503	510,363
Auditors' remuneration	18,180	9,300

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2017	2016
Bank loan interest	439,973	232,652
Hire purchase	19,586	15,296
	459,559	247,948

7. TAXATION

Analysis of the tax credit
The tax credit on the loss for the year was as follows:

	2017	2016
Deferred tax	(1,461,281)	(1,042,208)
Tax on loss	(1,461,281)	(1,042,208)

Reconciliation of total tax credit included in profit and loss
The tax assessed for the year differs from the standard rate of corporation tax in the UK. The difference is explained below:

	2017	2016
Loss before tax	(5,663,523)	(6,435,639)
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2016 - 20%)	(1,076,069)	(1,287,128)
Effects of:		
Expenses not deductible for tax purposes	255,362	162,920
Capital allowances	(640,574)	-
Rate change deferred tax	-	82,000
Total tax credit	(1,461,281)	(1,042,208)

The Group has approximately £15.9m (2016 - £9.6m) of losses available, subject to the agreement of HM Revenue & Customs, to offset future taxable profits. Based on the expected utilisation of these losses, a deferred tax asset has been provided as set out in note 16.

8. TANGIBLE FIXED ASSETS

	Long leasehold buildings	Fixtures and fittings	Computer equipment	Totals
COST				
At 1 January 2017	20,183,252	1,851,208	274,642	22,309,102
Additions	130,991	270,688	80,797	482,476
At 31 December 2017	20,314,243	2,121,896	355,438	22,791,577
DEPRECIATION				
At 1 January 2017	293,666	175,598	41,099	510,363
Charge for year	599,833	402,442	100,228	1,102,503
At 31 December 2017	893,499	578,040	141,327	1,612,866
NET BOOK VALUE				
At 31 December 2017	19,420,744	1,543,856	214,111	21,178,711
At 31 December 2016	19,889,586	1,675,610	233,543	21,798,739

Fixtures and fittings included in the above, which are held under hire purchase contracts amount to £677,501.

9. STOCKS

	2017	2016
Stocks	101,591	95,592

10. DEBTORS

	2017	2016
Amounts falling due within one year:		
Trade debtors	86,580	12,150
Other debtors	-	10,821
Prepayments and accrued income	188,060	135,299
	274,640	158,270

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
Bank loans and overdrafts	1,000,000	1,000,000
Hire purchase contracts	230,835	230,836
Trade creditors	729,051	752,724
Amounts owed to group undertakings	14,478,557	9,250,000
Social security and other taxes	420,850	370,957
Other creditors	5,455	29,095
Accruals and deferred income	3,792,711	5,014,266
	20,657,459	16,647,878

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2017	2016
Bank loans	10,281,313	10,182,285
Hire purchase contracts	55,476	286,311
Accruals and deferred income	5,112,271	3,973,694
	15,449,060	14,442,290

13. LOANS

An analysis of the maturity of loans is given below:

	2017	2016
Amounts falling due within one year or on demand:		
Bank loans	1,000,000	1,000,000
Amounts falling due between one and two years:		
Bank loans - 1-2 years	2,250,000	2,250,000
Amounts falling due between two and five years:		
Bank loans - 2-5 years	8,031,313	7,932,285

14. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2017	2016
Net obligations repayable:		
Within one year	230,835	230,836
Between one and five years	55,476	286,311
	286,311	517,147

	Non-cancellable operating leases	
	2017	2016
Within one year	1,752,685	1,752,685
Between one and five years	8,275,141	7,645,824
In more than five years	91,357,552	94,658,608
	101,385,378	104,057,117

15. SECURED DEBTS

The following secured debts are included within creditors:

	2017	2016
Bank loans	11,500,000	11,500,000
Hire purchase contracts	286,311	517,147
Unamortised finance costs	(218,687)	(317,715)
	11,567,624	11,699,432

Bank loans are secured by a debenture over all the Company's current and future leased and freehold property, and intellectual property rights.

The bank loan matures in March 2020 and interest is charged at 3.5% plus LIBOR.

Amounts advanced under hire purchase agreements are secured on the assets to which they relate.

16. DEFERRED TAX

The components of the deferred tax asset are set out below:

	2017	2016
Deferred tax asset		
Expenses allowable against future taxable profits	3,019,270	1,557,989
	3,019,270	1,557,989

The increase in the asset in the period of £1,461,281 arises from a credit to the profit and loss account.

17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2017	2016
250	Ordinary	0.01	3	3

18. RESERVES

	Retained earnings	Share premium	Totals
At 1 January 2017	(7,456,557)	500,000	(6,956,557)
Deficit for the year	(4,202,242)	-	(4,202,242)
At 31 December 2017	(11,658,799)	500,000	(11,158,799)

19. RELATED PARTY DISCLOSURES

SUSD Limited
SUSD Limited is a shareholder in the company.

SUSD Limited provided project management, design and related consultancy services to the company on normal commercial terms. During the period the company was billed £3,532 (2016 - £42,711) by SUSD Limited in respect of these services. There were no amounts outstanding to SUSD Limited at 31 December 2017.

Clivaz Palmer Green Limited
A company of which Mr B Clivaz, a director of the Company for part of the year, is a shareholder and director.

During the period, Clivaz Palmer Green Limited has provided services to the Company to the value of £nil (Period to 31 December 2016 - £30,000). There were no amounts outstanding to Clivaz Palmer Green Limited at 31 December 2017.

Gusbourne Estate Limited
Michael Ashcroft is the ultimate controlling party of Gusbourne Estate Limited. During the period Gusbourne Estate Limited has provided goods to the company to the value of £10,534 (2016 - £25,918). As at 31 December 2017, £1,254 was outstanding to Gusbourne Estate Limited.

LT Management Services Limited
Michael Ashcroft is the ultimate controlling party of LT Management Services Limited. During the period LT Management Services Limited has provided services to the company to the value of £341,974 (2016 - £165,750). As at 31 December 2017, £9,600 was outstanding to LT Management Services Limited.

21. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

Devonshire Club (Holdings) Limited is the company's immediate parent and is regarded by the directors as being the company's ultimate parent company.

The ultimate controlling party is Michael Ashcroft.