

SIGNATURE LIVING HOTEL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

Company Registration No. 08124207 (England and Wales)

SIGNATURE LIVING HOTEL LIMITED

COMPANY INFORMATION

Directors Mrs K C Kenwright
Mr L Kenwright

Company number 08124207

Registered office Cavern Court
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Auditor DSG
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SIGNATURE LIVING HOTEL LIMITED

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SIGNATURE LIVING HOTEL LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2018

The directors present the strategic report for the year ended 31 March 2018.

Fair review of the business

The Signature Living Group (comprising Signature Living Hotel Limited, the "Company" and its subsidiaries, together the "Group") continued to improve the performance of its core operations in the year ended 31st March 2018, as well as exploiting further development opportunities and growing its forward pipeline of projects as the strength of the brand continues to be enhanced. During the year, continued refinements to the Group Structure has enabled management to more closely monitor and control financial and operational performance. There has been a strong focus on accessing cheaper and longer-term commercial funding streams based on its rapidly maturing operations and improved trading performance across the Group. This has strengthened the asset base of the Group balance sheet, improved operational cash flow and positioned the Group to improve underlying profitability in the short to medium term.

As part of these preparations and following professional advice, the Group has separated property holding and trading activities and sought to ringfence its residential projects. In due course the Group may seek to simplify its corporate structure through the combination of its operating companies but in the short term the Directors are of the opinion that individual asset based lending is facilitated by having separate trading entities for each operational site. In December 2016 the original investors in the Stanley Street Hotel had their capital returned with the Group replacing these funds with longer term, more commercial, finance. This approach is to be replicated with other Group venues such as 30 James Street and Shankly Hotel as it transitions from its original fractional sales model to more mainstream lending.

During the period the Arthouse Hotel project was delivered, and phase II of the Shankly Hotel was nearly completed adding further bedrooms to the trading capacity of the Group. In late May 2017 the Group opened its first venue outside of the city with phase 1 of the Exchange Hotel, Cardiff coming online, adding 57 rooms alongside the Grand Hall and associated reception bar and restaurant space. The popular Alma De Cuba bar and restaurant has also been refurbished and reinvigorated with a view to providing guests with a first class location for food and drink outside of the Group's hotels within Liverpool. Planning consent is being sought to facilitate the creation of a mezzanine level space within this venue to allow for further covers and function space, which the Directors are confident will create additional revenue opportunities for this operation.

During the period, a residential scheme was started and completed at West Africa House with all units forward sold and funded.

Other acquisitions took place including the centrally located former Post Office in Preston which will become another Shankly themed venue, building on the strength of that growing brand and also the purchase of the former Scottish Mutual Building on Donegal Square in Belfast which will become a George Best themed hotel.

Two distinct brands have now emerged from our operations. There is the core Signature Living Hotel brand, a fast paced, funky and trendy brand which taps into the younger market. There is also the bespoke heritage "one off" (often semi themed) hotels which utilise historic buildings (such as the Exchange Hotel Cardiff) or legendary brands (i.e. George Best, Bill Shankly and Dixie Dean) to allow the Group to effectively promote and fill the venues in a viral, online manner.

The Signature team has also been in the process of building out in excess of 500 residential units in line with the growing population and ongoing regeneration of Liverpool and Manchester City Centres, although these are delivered increasingly outside of the Signature Living Hotel Ltd Group.

During the year to 31 March 2018 Signature has established itself as one of the largest operators in Liverpool across its different offering and this has created multiple opportunities to harness economies of scale for the Group and there has been ongoing investment in enhanced procurement strategies across the Group to further drive value including Group wide insurance and energy arrangements allowing better forward planning.

During the period to March 2018 equity in the Group has grown to £24.2 million. Further to this, there is additional underlying equity that will be unlocked in the Group as the larger venues such as 30 James Street and Shankly Hotel are refinanced.

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STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

Principal risks and uncertainties

The Group's operations, being based upon property development and hotel management, are subject to both macro and micro economic risks with growth in the hotel sector being driven primarily by the UK economy together with increasing demands for both domestic and international travel. In the short term the principal economic risk continues to be the potential impact posed by Brexit to that part of the UK hospitality and leisure activity derived from EU member states. Management remains confident that the strength of the Signature Living brand, together with that of Liverpool as a city, will mitigate against these risks.

Following the Brexit decision we are seeing opportunities, as due to the weaker pound, international tourism has increased as have "staycations" in the UK market generally. Visitor numbers have increased in our primary market, Liverpool. The Group remains dependent on external sources of finance to take advantage of their strategic property development opportunities. The availability of this finance, given the nature of the UK and broader geographical economies is an area of uncertainty although Signature are increasingly well positioned to partner with mainstream lenders that are slowly returning to the property, leisure and hospitality market alongside a range of challenger banks. Signature can consistently create occupancy levels in excess of 90% through their unique offering that taps into the experience, bucket list niche that customers are increasingly looking for and becoming further well documented as a shifting pattern in the marketplace.

Development and performance

The Group has now scaled up its head office functions with a move to enlarged premises, in particular in finance and development whilst continuing to invest in key infrastructure and technology to support the growth of the business. Key new funding streams are being progressed as the Group continues to move towards longer term funding partners. The Group has changed its accounting policy regarding room sales this year to defer profit on such sale to the point of development completion. This has adversely impacted current year profitability but means that £15m of profits in respect of contracted sales (where legal exchange has taken place) will be recognised in future profits (largely in the financial year ends ended 31 March 2019 and 31 March 2020) when the associated developments are delivered. This moves the accounting to a more prudent position and is in line with industry norms.

As at July 2019 there are £128.7 million of property assets within the Group containing equity of £58.8million. Outside of the Group there are other associated companies delivering residential projects with a current day asset value of £15million and £6.8million of equity. These numbers relate purely to property and do not cover other areas of value for example the rapidly growing underlying value in the brand and IP worth of the Signature Group generally.

Key performance indicators

Management consider a mix of operational and financial performance metrics to monitor and control the ongoing performance of the company on a rolling monthly basis. Each hotel generates its own monthly management information that are cross referenced in line with annually updated business plans. Key metrics include room occupancy and rev par a well as net profit. All these metrics improved in the current year.

On behalf of the board

Mr L Kenwright
Director
3 July 2019

SIGNATURE LIVING HOTEL LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2018

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

Principal activities

The principal activities of the company and group is that of hoteliers and property developers.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mrs K C Kenwright

Mr L Kenwright

Results and dividends

The results for the year are set out on page 9.

Ordinary dividends were paid amounting to £200,000. The directors do not recommend payment of a further dividend.

Financial instruments

Liquidity risk

The group manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the group has sufficient liquid resources to meet the operating needs of the business.

Interest rate risk

The group is exposed to fair value interest rate risk on its fixed rate borrowings and cash flow interest rate risk on floating rate deposits, bank overdrafts and loans.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

Auditor

In accordance with the company's articles, a resolution proposing that DSG be reappointed as auditor of the group will be put at a General Meeting.

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DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

Mr L Kenwright
Director

3 July 2019

SIGNATURE LIVING HOTEL LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2018

The directors are responsible for preparing the Annual 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 group and company, and of the profit or loss of the group 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

SIGNATURE LIVING HOTEL LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SIGNATURE LIVING HOTEL LIMITED

Opinion

We have audited the financial statements of Signature Living Hotel Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2018 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group 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 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 group's and the parent company's affairs as at 31 March 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *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.

Emphasis of matter

The group has net current liabilities at the end of the financial year which is associated with short term debt. Whilst the group as a whole has significant net worth largely driven by the carrying value of its property portfolio its financing arrangements remain almost entirely short term in nature and therefore require re-financing on an annual basis. We note that the directors have a strong historical track record of securing replacement finance as and when required but also highlight that the current climate of financial uncertainty created by Brexit and other macro economic factors may render future re-financing activity more challenging or, at the very least, more expensive.

We therefore draw attention to note 1.3 and note 35. Our opinion is not modified in respect of this matter.

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 group's or the parent 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.

SIGNATURE LIVING HOTEL LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SIGNATURE LIVING HOTEL LIMITED

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 our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report 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 strategic report and the directors' report.

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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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 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 directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

SIGNATURE LIVING HOTEL LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SIGNATURE LIVING HOTEL LIMITED

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.

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.

Iain White BSc FCA (Senior Statutory Auditor)
for and on behalf of DSG

3 July 2019

Chartered Accountants
Statutory Auditor

Castle Chambers
43 Castle Street
Liverpool
L2 9TL

SIGNATURE LIVING HOTEL LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2018

		2018	2017
	Notes	£	as restated £
Turnover	3	20,655,037	14,066,408
Cost of sales		(5,871,339)	(3,310,376)
Gross profit		<u>14,783,698</u>	<u>10,756,032</u>
Administrative expenses		(23,417,053)	(14,234,209)
Other operating income		2,021,216	50,613
Exceptional item	4	9,776,580	1,885,264
Operating profit/(loss)	5	<u>3,164,441</u>	<u>(1,542,300)</u>
Interest receivable and similar income	9	136,500	24
Interest payable and similar expenses	10	(2,189,889)	(3,800,410)
Profit/(loss) before taxation		<u>1,111,052</u>	<u>(5,342,686)</u>
Tax on profit/(loss)	11	(436,672)	(395,278)
Profit/(loss) for the financial year		<u><u>674,380</u></u>	<u><u>(5,737,964)</u></u>

Profit/(loss) for the financial year is all attributable to the owners of the parent company.

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GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2018

	2018	2017
	£	as restated £
Profit/(loss) for the year	674,380	(5,737,964)
Other comprehensive income		
Revaluation of tangible fixed assets	6,231,839	18,458,775
Tax relating to other comprehensive income	695,658	(1,516,329)
Other comprehensive income for the year	6,927,497	16,942,446
Total comprehensive income for the year	7,601,877	11,204,482

Total comprehensive income for the year is all attributable to the owners of the parent company.

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GROUP BALANCE SHEET

AS AT 31 MARCH 2018

		2018		2017 as restated	
	Notes	£	£	£	£
Fixed assets					
Goodwill	13		5,063,742		882,781
Tangible assets	14		62,380,025		49,455,487
			<u>67,443,767</u>		<u>50,338,268</u>
Current assets					
Stocks	19	97,921		110,437	
Debtors	20	50,936,164		41,120,834	
Cash at bank and in hand		161,970		176,083	
		<u>51,196,055</u>		<u>41,407,354</u>	
Creditors: amounts falling due within one year	21	<u>(87,174,920)</u>		<u>(73,885,515)</u>	
Net current liabilities			<u>(35,978,865)</u>		<u>(32,478,161)</u>
Total assets less current liabilities			31,464,902		17,860,107
Creditors: amounts falling due after more than one year	22		(4,357,624)		-
Provisions for liabilities	24		<u>(1,761,658)</u>		<u>(2,428,874)</u>
Net assets			<u>25,345,620</u>		<u>15,431,233</u>
Capital and reserves					
Called up share capital	27		2		2
Revaluation reserve			23,321,019		13,881,012
Profit and loss reserves			2,024,599		1,550,219
Total equity			<u>25,345,620</u>		<u>15,431,233</u>

The financial statements were approved by the board of directors and authorised for issue on 3 July 2019 and are signed on its behalf by:

Mr L Kenwright
Director

SIGNATURE LIVING HOTEL LIMITED

COMPANY BALANCE SHEET

AS AT 31 MARCH 2018

		2018		2017 as restated	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	14		13,150,446		11,140,732
Investment properties	15		3,700,586		1,201,819
Investments	16		991,452		504
			<u>17,842,484</u>		<u>12,343,055</u>
Current assets					
Debtors	20	74,963,775		46,155,316	
Cash at bank and in hand		93,642		-	
		<u>75,057,417</u>		<u>46,155,316</u>	
Creditors: amounts falling due within one year	21	(82,237,379)		(51,524,087)	
Net current liabilities			<u>(7,179,962)</u>		<u>(5,368,771)</u>
Total assets less current liabilities			10,662,522		6,974,284
Provisions for liabilities	24		<u>(1,236,603)</u>		<u>(2,050,915)</u>
Net assets			<u>9,425,919</u>		<u>4,923,369</u>
Capital and reserves					
Called up share capital	27		2		2
Revaluation reserve			5,756,311		4,954,670
Profit and loss reserves			3,669,606		(31,303)
Total equity			<u>9,425,919</u>		<u>4,923,369</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £3,900,909 (2017 - £1,925,298 loss).

The financial statements were approved by the board of directors and authorised for issue on 3 July 2019 and are signed on its behalf by:

Mr L Kenwright
Director

Company Registration No. 08124207

SIGNATURE LIVING HOTEL LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2018

		Share capital	Revaluation	Profit and reserves	Total
	Notes	£	£	£	£
As restated for the period ended 31 March 2017:					
Balance at 1 April 2016		2	3,217,537	5,096,271	8,313,810
Effect of change in accounting policy		-	-	(2,965,943)	(2,965,943)
As restated		2	3,217,537	2,130,328	5,347,867
Year ended 31 March 2017:					
Loss for the year		-	-	(5,737,964)	(5,737,964)
Other comprehensive income:					
Revaluation of tangible fixed assets		-	18,458,775	-	18,458,775
Tax relating to other comprehensive income		-	(1,516,329)	-	(1,516,329)
Total comprehensive income for the year		-	16,942,446	(5,737,964)	11,204,482
Dividends	12	-	-	(610,000)	(610,000)
Balance at 31 March 2017		2	13,881,012	1,550,219	15,431,233
Year ended 31 March 2018:					
Profit for the year		-	-	674,380	674,380
Other comprehensive income:					
Revaluation of tangible fixed assets		-	6,231,839	-	6,231,839
Tax relating to other comprehensive income		-	695,658	-	695,658
Total comprehensive income for the year		-	6,927,497	674,380	7,601,877
Dividends	12	-	-	(200,000)	(200,000)
Balance at 31 March 2018		2	23,321,019	2,024,599	25,345,620

SIGNATURE LIVING HOTEL LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Share capital £	Revaluation £	Profit and reserves £	Total £
As restated for the period ended 31 March 2017:					
Balance at 1 April 2016		2	228,192	2,275,803	2,503,997
Year ended 31 March 2017:					
Loss for the year		-	-	(1,925,298)	(1,925,298)
Other comprehensive income:					
Revaluation of tangible fixed assets		-	5,864,848	-	5,864,848
Tax relating to other comprehensive income		-	(1,138,370)	-	(1,138,370)
Total comprehensive income for the year		-	4,726,478	(1,925,298)	2,801,180
Dividends	12	-	-	(610,000)	(610,000)
Transfers		-	-	228,192	228,192
Balance at 31 March 2017		2	4,954,670	(31,303)	4,923,369
Year ended 31 March 2018:					
Profit for the year		-	-	3,900,909	3,900,909
Other comprehensive income:					
Revaluation of tangible fixed assets		-	(12,671)	-	(12,671)
Tax relating to other comprehensive income		-	814,312	-	814,312
Total comprehensive income for the year		-	801,641	3,900,909	4,702,550
Dividends	12	-	-	(200,000)	(200,000)
Balance at 31 March 2018		2	5,756,311	3,669,606	9,425,919

SIGNATURE LIVING HOTEL LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

		2018		2017 as restated	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	34		4,152,065		6,002,764
Interest paid			(2,189,889)		(3,800,410)
Income taxes (paid)/refunded			(1,045,359)		69,314
Net cash inflow from operating activities			916,817		2,271,668
Investing activities					
Purchase of business		(2,154,039)		(3,100,001)	
Purchase of intangible assets		(4,270,961)		(900,000)	
Purchase of tangible fixed assets		(21,213,456)		(21,656,080)	
Proceeds on disposal of tangible fixed assets		17,949,114		6,187,483	
Interest received		136,500		24	
Net cash used in investing activities			(9,552,842)		(19,468,574)
Financing activities					
Repayment of bank loans		8,996,143		17,785,899	
Dividends paid to equity shareholders		(200,000)		(610,000)	
Net cash generated from financing activities			8,796,143		17,175,899
Net increase/(decrease) in cash and cash equivalents			160,118		(21,007)
Cash and cash equivalents at beginning of year			1,852		22,859
Cash and cash equivalents at end of year			161,970		1,852
Relating to:					
Cash at bank and in hand			161,970		176,083
Bank overdrafts included in creditors payable within one year			-		(174,231)

SIGNATURE LIVING HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

Company information

Signature Living Hotel Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is . The principal activities of the company are disclosed in the Directors' Report.

The group consists of Signature Living Hotel Limited and all of its subsidiaries.

1.1 Accounting convention

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.

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

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position': Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

SIGNATURE LIVING HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

The consolidated financial statements incorporate those of Signature Living Hotel Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 March 2018. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 Going concern

As at the balance sheet date the group had net current liabilities of £37,093,939 (company: £8,295,036).

The company and group continue to be largely dependent on a mix of operating cash flows, investor financing (from sale of property) and short term loans to fund day to day working capital and property development funding requirements. Management continues to make efforts to secure alternative sources of finance which they anticipate will provide a more structured and long term funding solution. Accessing these funding solutions will be facilitated by continuing to establish a successful trading track record of the group as whole.

Taking into account current funding arrangements and potential alternative funding solutions, and at the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue relating to the sale of food and beverage items at hotel operations is recognised at the point of sale. Revenue relating to hotel accommodation charges is spread evenly over the period of the guest's stay at the hotel.

Historically the company recognised revenue (and associated costs) on disposal of property at the point of legal exchange. In the current year this policy has been changed to recognise profit at the point of transaction completion. The Directors consider that this change in accounting policy is appropriate given the usual sale to build completion timetable and is also more in line with industry norms. The change in accounting policy has led to a restatement of the prior year financial statements which is detailed further in note 35.

SIGNATURE LIVING HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings freehold	2% straight line
Land and buildings Leasehold	2% straight line
Fixtures, fittings & equipment	25% straight line
Motor vehicles	25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.7 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.8 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

SIGNATURE LIVING HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises food and beverage items relating solely to hotel operations.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.10 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Financial instruments

The group 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 in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and 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 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 transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

SIGNATURE LIVING HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

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 group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

SIGNATURE LIVING HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 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 received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

SIGNATURE LIVING HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

2 Judgements and key sources of estimation uncertainty

In the application of the group'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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Useful life of non-current assets

Management exercise judgement in determining the carrying value of freehold assets and period over which leasehold assets are depreciated. Valuation decisions are determined by consultation with independent property experts and depreciation periods are based upon management's best estimate of useful economic life which is initially set at 50 years but which is reviewed each year for appropriateness.

Carrying value of debtors

Management apply judgement when considering the recoverability, and hence carrying value, of trade and other debtors. In forming a judgement in this area management consider both the historical track record of cash settlement together with the expected financial performance of the debtor (where this information is available). This latter consideration represents an area of estimation uncertainty.

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2018	2017
	£	£
Turnover analysed by class of business		
Hotel operations	20,655,037	14,066,408
	<u>20,655,037</u>	<u>14,066,408</u>

	2018	2017
	£	£
Other significant revenue		
Interest income	136,500	24
	<u>136,500</u>	<u>24</u>

	2018	2017
	£	£
4 Exceptional costs		
Profit on disposal of properties	9,776,580	4,208,783
	<u>9,776,580</u>	<u>4,208,783</u>

SIGNATURE LIVING HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

5	Operating profit/(loss)	2018	2017
		£	£

Operating profit/(loss) for the year is stated after charging:

Depreciation of owned tangible fixed assets	603,435	215,235
Amortisation of intangible assets	90,000	17,219
Rental charges	4,180,709	2,125,622
	<u> </u>	<u> </u>

6	Auditor's remuneration	2018	2017
		£	£

Fees payable to the company's auditor and associates:

For audit services

Audit of the financial statements of the group and company	48,255	18,000
Audit of the financial statements of the company's subsidiaries	60,800	38,750
	<u> </u>	<u> </u>
	109,055	56,750
	<u> </u>	<u> </u>

For other services

Taxation compliance services	12,500	10,000
	<u> </u>	<u> </u>

7	Employees			
	The average monthly number of persons (including directors) employed by the group and company during the year was:			

	Group 2018 Number	2017 Number	Company 2018 Number	2017 Number
Employees	762	677	742	657
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	Group 2018 £	2017 £	Company 2018 £	2017 £
Wages and salaries	9,172,821	5,961,309	2,284,490	2,081,940
Social security costs	783,400	534,339	358,247	326,073
Pension costs	25,697	-	8,235	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	9,981,918	6,495,648	2,650,972	2,408,013
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

SIGNATURE LIVING HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

8	Directors' remuneration	2018	2017
		£	£
	Remuneration for qualifying services	108,333	34,785
		<u> </u>	<u> </u>
9	Interest receivable and similar income	2018	2017
		£	£
	Interest income		
	Interest on bank deposits	-	24
	Other interest income	136,500	-
		<u> </u>	<u> </u>
	Total income	136,500	24
		<u> </u>	<u> </u>
10	Interest payable and similar expenses	2018	2017
		£	£
	Interest on bank overdrafts and loans	1,992,850	3,733,514
	Other interest	197,039	66,896
		<u> </u>	<u> </u>
	Total finance costs	2,189,889	3,800,410
		<u> </u>	<u> </u>
11	Taxation	2018	2017
		£	£
	Current tax		
	UK corporation tax on profits for the current period	968,078	1,609,691
	Adjustments in respect of prior periods	(556,787)	(1,214,413)
		<u> </u>	<u> </u>
	Total current tax	411,291	395,278
		<u> </u>	<u> </u>
	Deferred tax		
	Origination and reversal of timing differences	25,381	-
		<u> </u>	<u> </u>
	Total tax charge	436,672	395,278
		<u> </u>	<u> </u>

SIGNATURE LIVING HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

11 Taxation (Continued)

The actual charge for the year can be reconciled to the expected charge/(credit) for the year based on the profit or loss and the standard rate of tax as follows:

	2018 £	2017 £
Profit/(loss) before taxation	1,111,052	(5,342,686)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2017: 20.00%)	211,100	(1,068,537)
Tax effect of expenses that are not deductible in determining taxable profit	225,572	1,463,815
Taxation charge	436,672	395,278

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2018 £	2017 £
Deferred tax arising on: Revaluation of property	(695,658)	1,516,329

12 Dividends

	2018 £	2017 £
Final paid	200,000	610,000

13 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 April 2017	900,000
Additions - separately acquired	4,270,961
At 31 March 2018	5,170,961
Amortisation and impairment	
At 1 April 2017	17,219
Amortisation charged for the year	90,000
At 31 March 2018	107,219

SIGNATURE LIVING HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

13	Intangible fixed assets	(Continued)
	Carrying amount	
	At 31 March 2018	5,063,742
	At 31 March 2017	882,781

The company had no intangible fixed assets at 31 March 2018 or 31 March 2017.

14 Tangible fixed assets

Group	Land and buildings freehold £	Land and buildings Leasehold £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost					
At 1 April 2017	43,335,484	7,216,680	1,141,363	33,000	51,726,527
Additions	18,180,913	2,274,483	758,060	-	21,213,456
Disposals	(14,066,387)	(1,782,087)	-	-	(15,848,474)
Revaluation	2,744,171	3,487,668	-	-	6,231,839
At 31 March 2018	50,194,181	11,196,744	1,899,423	33,000	63,323,348
Depreciation and impairment					
At 1 April 2017	-	128,261	248,526	16,500	393,287
Depreciation charged in the year	-	192,349	402,836	8,250	603,435
Revaluation	-	(53,399)	-	-	(53,399)
At 31 March 2018	-	267,211	651,362	24,750	943,323
Carrying amount					
At 31 March 2018	50,194,181	10,929,533	1,248,061	8,250	62,380,025
At 31 March 2017	38,693,821	9,852,329	892,837	16,500	49,455,487

SIGNATURE LIVING HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

14 Tangible fixed assets (Continued)

Company	Land and buildings freehold £	Land and buildings Leasehold £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost					
At 1 April 2017	4,224,860	6,697,442	396,932	33,000	11,352,234
Additions	4,512,303	1,971,782	241,176	-	6,725,261
Disposals	(1,796,226)	(2,691,544)	-	-	(4,487,770)
At 31 March 2018	6,940,937	5,977,680	638,108	33,000	13,589,725
Depreciation and impairment					
At 1 April 2017	-	110,975	84,027	16,500	211,502
Depreciation charged in the year	-	60,000	159,527	8,250	227,777
At 31 March 2018	-	170,975	243,554	24,750	439,279
Carrying amount					
At 31 March 2018	6,940,937	5,806,705	394,554	8,250	13,150,446
At 31 March 2017	4,224,860	6,586,467	312,905	16,500	11,140,732

15 Investment property

	Group 2018 £	Company 2018 £
Fair value		
At 1 April 2017	-	1,201,819
Additions through external acquisition	-	2,613,464
Disposals	-	(102,026)
Net gains or losses through fair value adjustments	-	(12,671)
At 31 March 2018	-	3,700,586

16 Fixed asset investments

	Group 2018 £	2017 £	Company 2018 £	2017 £
Investments in subsidiaries	17	-	-	991,452
		-	-	504

SIGNATURE LIVING HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

16	Fixed asset investments	(Continued)
	Movements in fixed asset investments	
	Company	Shares in group undertakings
		£
	Cost or valuation	
	At 1 April 2017	504
	Additions	990,948
	At 31 March 2018	991,452
	Carrying amount	
	At 31 March 2018	991,452
	At 31 March 2017	504

17 Subsidiaries

Details of the company's subsidiaries at 31 March 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
30 James Street Limited	England & Wales	Hotel Operator	Ordinary	100.00	
Alma De Cuba Hotel Limited	England & Wales	Club and Bar Operator	Ordinary	100.00	
Signature Apartments Bold Street Limited	England & Wales	Service Accommodation Rental	Ordinary	100.00	
Signature Apartments Matthew Street Limited	England & Wales	Service Accommodation Rental	Ordinary	100.00	
Signature Campus Limited	England & Wales	Property Development	Ordinary	100.00	
Signature Car Parks Limited	England & Wales	Car Park Operator	Ordinary	100.00	
Signature Core Offices Limited	England & Wales	Provider of Office Space	Ordinary	100.00	
Signature Eden Limited	England & Wales	Event Venue Provider	Ordinary	100.00	
Signature Hanover Street Limited	England & Wales	Property Development	Ordinary	100.00	
Signature Lifestyles Limited	England & Wales	Gym Operator	Ordinary	100.00	
Signature Living Apartments Limited	England & Wales	Provider of Serviced Accommodation	Ordinary	100.00	
Signature Living Arthouse Square Limited	England & Wales	Provider of Office Space	Ordinary	100.00	
Signature Living Arthouse Square Ops Limited	England & Wales	Hotel Operator	Ordinary	100.00	
Signature Living BF Limited	England & Wales	Property Development	Ordinary	100.00	

SIGNATURE LIVING HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

17 Subsidiaries (Continued)

Signature Living Coal Exchange Limited	Engalnd & Wales	Property Development	Ordinary	100.00
Signature Living Coal Exchange Ops Limited	Engalnd & Wales	Hotel Operator	Ordinary	100.00
Signature Living Hope Street Limited	Engalnd & Wales	Property Development	Ordinary	100.00
Signature Living Property Investments Limited	England & Wales	Property Development	Ordinary	100.00
Signature Living Residential Limited	England & Wales	Property Development	Ordinary	100.00
Signature Shankly Apartments Limited	Engalnd & Wales	Service Accommodation Rental	Ordinary	100.00
Signature Shankly Limited	England & Wales	Hotel Operator	Ordinary	100.00
Signature Shankly Operations Limited	Engalnd & Wales	Hotel Operator	Ordinary	100.00
Signature Stanley Street Hotel Limited	England & Wales	Hotel Operator	Ordinary	100.00
Signature Victoria Mill Limited	Engalnd & Wales	Property Development	Ordinary	100.00
SLG Crumlin Road Limited	Engalnd & Wales	Property Development	Ordinary	100.00
SLG Manchester 1 Limited	Engalnd & Wales	Property Development	Ordinary	100.00
Stanley Street Hotel Limited	Engalnd & Wales	Hotel Operator	Ordinary	100.00
Victoria Street Apartments Limited	Engalnd & Wales	Service Accommodation Rental	Ordinary	100.00
SL Events Limited	Engalnd & Wales	Event Venue Provider	Ordinary	100.00
Signature Living Preston Limited	Engalnd & Wales	Property Development	Ordinary	100.00
Bedford Hotel Limited	England & Wales	Hotel Operator	Ordinary	100.00
Belfast SLG2 Limited	Engalnd & Wales	Property Development	Ordinary	100.00

18 Financial instruments

	Group 2018 £	2017 £	Company 2018 £	2017 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	46,096,352	39,318,703	n/a	n/a
Carrying amount of financial liabilities				
Measured at amortised cost	82,470,781	63,814,529	n/a	n/a

As permitted by the reduced disclosure framework within FRS 102, the company has taken advantage of the exemption from disclosing the carrying amount of certain classes of financial instruments, denoted by 'n/a' above.

SIGNATURE LIVING HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

19 Stocks	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Raw materials and consumables	97,921	110,437	-	-

20 Debtors	Group		Company	
	2018	2017	2018	2017
Amounts falling due within one year:	£	£	£	£
Trade debtors	2,260,037	9,962,378	2,247,384	9,390,858
Amounts owed by group undertakings	-	-	18,205,074	12,622,276
Other debtors	41,210,538	30,224,819	50,002,023	23,764,889
Prepayments and accrued income	7,465,589	933,637	4,509,294	377,293
	50,936,164	41,120,834	74,963,775	46,155,316

21 Creditors: amounts falling due within one year	Notes	Group		Company	
		2018	2017	2018	2017
		£	£	£	£
Bank loans and overdrafts	23	31,641,864	27,177,576	9,700,949	9,985,897
Trade creditors		22,658,937	20,530,971	19,428,287	13,970,012
Amounts owed to group undertakings		-	-	42,362,849	21,542,134
Corporation tax payable		1,774,251	2,411,380	533,179	512,811
Other taxation and social security		410,037	1,182,750	67,356	182,526
Deferred income	25	6,877,475	6,476,856	-	1,620,593
Other creditors		9,376,651	11,634,095	3,472,919	2,383,054
Accruals and deferred income		14,435,705	4,471,887	6,671,840	1,327,060
		87,174,920	73,885,515	82,237,379	51,524,087

Bank loans and overdrafts relating to the Company and the Group are secured by a fixed and floating charge over the Company and Group assets respectively.

22 Creditors: amounts falling due after more than one year	Notes	Group		Company	
		2018	2017	2018	2017
		£	£	£	£
Bank loans and overdrafts	23	4,357,624	-	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

23 Loans and overdrafts

	Group 2018 £	2017 £	Company 2018 £	2017 £
Bank loans	35,999,488	27,003,345	9,700,949	9,811,666
Bank overdrafts	-	174,231	-	174,231
	<u>35,999,488</u>	<u>27,177,576</u>	<u>9,700,949</u>	<u>9,985,897</u>
Payable within one year	31,641,864	27,177,576	9,700,949	9,985,897
Payable after one year	4,357,624	-	-	-
	<u>4,357,624</u>	<u>-</u>	<u>-</u>	<u>-</u>

24 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Group	Liabilities 2018 £	Liabilities 2017 £
Accelerated capital allowances	3,463	3,463
Tax losses	393,000	393,000
Revaluations	3,598,048	4,589,327
	<u>3,994,511</u>	<u>4,985,790</u>
	<u>3,994,511</u>	<u>4,985,790</u>

Company	Liabilities 2018 £	Liabilities 2017 £
Accelerated capital allowances	3,463	3,463
Tax losses	393,000	393,000
Revaluations	840,140	1,654,452
	<u>1,236,603</u>	<u>2,050,915</u>
	<u>1,236,603</u>	<u>2,050,915</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

24	Deferred taxation	(Continued)	
		Group	Company
		2018	2018
		£	£
	Movements in the year:		
	Liability at 1 April 2017	2,428,874	2,050,915
	Credit to other comprehensive income	(667,216)	(814,312)
	Liability at 31 March 2018	<u>1,761,658</u>	<u>1,236,603</u>

The deferred tax liability detailed above is not expected to reverse within twelve months of the balance sheet date.

25	Deferred income	Group	2017	Company	2017
		2018	2017	2018	2017
		£	£	£	£
	Other deferred income	6,877,475	6,476,856	-	1,620,593
		<u>6,877,475</u>	<u>6,476,856</u>	<u>-</u>	<u>1,620,593</u>

26	Retirement benefit schemes	2018	2017
	Defined contribution schemes	£	£
	Charge to profit or loss in respect of defined contribution schemes	25,697	-
		<u>25,697</u>	<u>-</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

27	Share capital	Group and company	
		2018	2017
		£	£
	Ordinary share capital		
	Issued and fully paid		
	1 Ordinary of £1 each	1	1
	1 'A' Ordinary of £1 each	1	1
		<u>2</u>	<u>2</u>
		<u>2</u>	<u>2</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

28 Acquisitions

On 21 August 2017 the group acquired the business of Bedford Hotel Limited. This business is a well established hotel in Belast which management intends to further invest in and expand operations.

	Book Value	Adjustments	Fair Value
	£	£	£
Land and buildings	2,154,039	-	2,154,039
Goodwill			4,270,961
Total consideration			6,425,000
The consideration was satisfied by:			£
Cash			6,425,000
Contribution by the acquired business for the reporting period included in the group statement of comprehensive income since acquisition:			£
Turnover			-
Loss after tax			(101,970)

29 Financial commitments, guarantees and contingent liabilities

Contingent liabilities

During a previous year management became aware that development costs relating to a previously completed hotel project had not been billed on to Signature Living Hotel Limited by the legal entity that incurred these costs. This company had subsequently entered an insolvent liquidation process and was removed from the Companies House register. Management has recently been instructed of an intention to reinstate the company which in turn may lead to outstanding costs being charged to Signature Living Hotel Limited. As at the balance sheet date management are of the view that this liability will not exceed circa £430,000.

30 Events after the reporting date

Certain properties held by the group were initially bought/developed (either in whole or in part) via the crowdfunded, fractional sales model. Subsequent to the year end, the directors have taken the decision to exercise their right to re-acquire those long lease assets from individual investors which will crystallise a maximum liability of £27.5 million upon the group between July and December 2019. This is an approach consistent with other property operations in the Group's where investors have had their initial capital successfully returned. The directors are in advanced negotiations with several Pan European funders (the "Funders") to provide the funding to execute these transactions and investors have been notified of the groups intention to return their capital, with associated rentals being suspended until such funds are returned, to allow lawyers to finalise completion statements and apportionments accordingly. The directors are certain that the more favorable financial terms offered by the Funders will place the group on an enhanced financial footing, improving both liquidity and reducing ongoing financing charges.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

31 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2018	2017
	£	£
Aggregate compensation	310,692	238,066

Transactions with related parties

Included within other debtors is an amount of £22,939,841 (2017: £17,300,082) owed by Signature Contractors Limited. Included within trade creditors is an amount of £18,794,323 (2017: £14,042,793) owed to this same company. Supplies made by Signature Living Contractors Limited to the company totalled £4,277,055 (2017: £8,525,426) for the year ended 31 March 2018. Signature Living Contractors Limited is a company jointly owned and controlled by Lawrence and Katie Kenwright.

Included in other creditors is an amount of £6,178,068 (2017: £2,839,235) owed to Signature Works Gold Limited, a company controlled by Lawrence Kenwright.

Included in other debtors is an amount of £1,343,000 (2017: £1,068,047) owed by Silkhouse Court Limited, a company in which Lawrence Kenwright is a shareholder.

32 Directors' transactions

Dividends totalling £200,000 (2017 - £610,000) were paid in the year in respect of shares held by the company's directors.

33 Controlling party

The ultimate controlling party is Mr L Kenwright.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

34 Cash generated from group operations

	2018	2017
	£	£
Profit/(loss) for the year after tax	674,380	(5,737,964)
Adjustments for:		
Taxation charged	436,672	395,278
Finance costs	2,189,889	3,800,410
Investment income	(136,500)	(24)
Amortisation and impairment of intangible assets	90,000	17,219
Depreciation and impairment of tangible fixed assets	603,435	215,235
Movements in working capital:		
Decrease/(increase) in stocks	12,516	(63,026)
(Increase) in debtors	(9,758,511)	(20,763,054)
Increase in creditors	9,639,565	21,683,316
Increase in deferred income	400,619	6,455,374
Cash generated from operations	4,152,065	6,002,764

35 Prior period adjustment

Profit and loss reserves as at 31 March 2017 have been restated downwards by £12,935,509 in the group and downwards by £2,307,106 in the company to correct changes in the accounting policy used for revenue recognition by the group.

The change in the accounting policy impacts on the following items:

Reconciliation of changes in equity - group

	31 March 2017 £
Equity as previously reported	29,901,147
Adjustments to prior year	
Tangible assets	5,427,677
Stocks	(5,500,000)
Debtors	(27,128,653)
Creditors falling due within one year	11,374,146
Provisions for liabilities	1,356,916
Equity as restated	15,431,233

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

35	Prior period adjustment	(Continued)
		2017 £
	Profit as previously reported	5,834,144
	Adjustments to prior year	
	Recognition of disposal of units	(11,572,108)
	Loss as restated	<u>(5,737,964)</u>

Notes to reconciliation

Recognition of disposal of units

Historically the group recognised revenue (and associated costs) on disposal of property at the point of legal exchange. In the current year this policy has been changed to recognise profit at the point of transaction completion. The directors consider that this change in accounting policy is appropriate given the usual sale to build completion timetable and is also more in line with industry norms.

Reconciliation of changes in equity - company

	31 March 2017 £
Equity as previously reported	15,430,594
Adjustments to prior year	
Tangible assets	(1,143,421)
Debtors	(20,568,442)
Creditors falling due within one year	11,204,638
Equity as restated	<u>4,923,369</u>

	2017 £
Profit as previously reported	8,206,867
Adjustments to prior year	
Recognition of disposal of units	(10,132,165)
Profit as restated	<u>(1,925,298)</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

35 Prior period adjustment

(Continued)

Notes to reconciliation

Recognition of disposal of units

Historically the company recognised revenue (and associated costs) on disposal of property at the point of legal exchange. In the current year this policy has been changed to recognise profit at the point of transaction completion. The directors consider that this change in accounting policy is appropriate given the usual sale to build completion timetable and is also more in line with industry norms.

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