

Registered number: 07969868

STARLIGHT SHOREDITCH LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

MONDAY



A76EDDLL

A07

21/05/2018

#36

COMPANIES HOUSE

STARLIGHT SHOREDITCH LIMITED

COMPANY INFORMATION

Directors	B Skelli-Cohen J W Lawrence
Company secretary	G Owen
Registered number	07969868
Registered office	7th Floor, Portman House 2 Portman Street London W1H 6DU
Independent auditors	Price Bailey LLP Chartered Accountants & Statutory Auditors Dashwood House 69 Old Broad Street London EC2M 1QS

STARLIGHT SHOREDITCH LIMITED

CONTENTS

	Page
Strategic Report	1 - 3
Directors' Report	4 - 5
Independent Auditors' Report	6 - 8
Statement of Income and Retained Earnings	9
Balance Sheet	10
Statement of Cash Flows	11
Notes to the Financial Statements	12 - 22

STARLIGHT SHOREDITCH LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

Introduction

The Company's business is to operate a full-service hotel located at 100 Shoreditch High Street, London.

2017 was a strong year for the hotel. The hotel saw a significant growth in room revenues and a number of the food and beverage outlets. Even in the light of new competition the Ace Hotel London continues to establish its reputation as "the place to go" in the Shoreditch and the London market as a whole.

Business review

The business has 258 rooms and a number of diverse food and beverage outlets as well as a full top floor events and meeting space.

The strength of the hotel brand continues to set itself apart from the competition by leveraging their reputation and maintaining a strong position to capture more than their market share of bedroom and food and beverage sales. The operation continues to be tightly controlled with excellent flow through, giving optimism as the revenues continue to grow. In 2017 the immediate area in Shoreditch and the City has seen the largest increase in inventory with an additional 525 keys opening in the 2nd quarter, due to the areas reputation for being a hub of the design, fashion, media and technology sectors. London as a whole saw an additional 3,000 rooms opening in 2017.

Principal risks and uncertainties

2018 will see a steadier level of growth for the business as the additional supply will undoubtedly be the main risk to the business with even further openings highlighted below:

Hotel Supply

Openings 2017

- **The Curtain (Gansevoort Group)** - 123 rooms, Curtain Road - Shoreditch
Expected opening date ~June 2017
- **Nobu Hotel Shoreditch** - 150 rooms, Willow Street - Shoreditch
Expected opening date – June 2017
- **The NED** - 252 rooms, Princess street - Bank
Expected opening date – May 2017

Expected Openings - 2018

- **The Standard** - 250 rooms, Euston Road, Kings Cross
- **Park Regis** - 125 rooms, Great Eastern Street, Shoreditch
- **Pan Pacific Heron Tower** - 190 rooms, Bishopsgate, The City
- **Principal Hotels** – 190 rooms, Russel Square, Bloomsbury

Non-hotel room competitors continue to be a threat including Airbnb and Serviced Apartments for corporate business and during lower seasons.

Uncertainty in the global economies continues post EU referendum. Along with consumer confidence with visiting London post the terror attacks in 2017.

STARLIGHT SHOREDITCH LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

Hackney Council are continuing to maintain a tough stance on the night time economy and the licensing parameters for new businesses have gone through a period of consultation and amendment over the last 18 months. The licensing changes will not directly affect the business but may have a longer-term effect on the appeal of the neighbourhood as an evening destination.

Key Performance measures used by management

We use a set of carefully selected key performance indicators ("KPIs") to monitor our success in executing our strategy. These KPIs are used to measure the hotels progress year-on-year and against our strategic priorities, and are set out below:

Revenue per Available Room (RevPAR)

RevPAR is the primary metric used by management to track hotel performance. RevPAR is a commonly used performance measure in the hotel industry.

Rooms RevPAR comprises the hotels rooms revenue divided by the number of room nights available and can be mathematically derived from occupancy rate multiplied by average daily rate. Occupancy rate is rooms occupied by hotel guests expressed as a percentage of rooms that are available. Average daily rate is rooms revenue divided by the number of room nights sold.

Room RevPar increased by 3.65% year on year.

Occupancy

Occupancy is the total number of rooms occupied divided by the total number of rooms available. Occupancy is constantly monitored and where necessary strategy can be changed to drive occupancy.

Total gross revenue

An important measure of the hotels performance is the growth in total gross revenue which provides a measure of the overall strength of the brand. Total gross revenue comprises total rooms revenue from the hotel plus revenue from Food and Beverage and other outlets.

In 2017 total gross revenue was £24,050,737 (2016: £23,226,048). This represents a 3.6% increase year on year.

Gross Profit

Gross profit earned for the year totalled £14,992,196 (2016: £14,632,896), representing an increase of 2.5%. Conversion to gross profit was 62.3% which is a 0.7% shortfall to 2016.

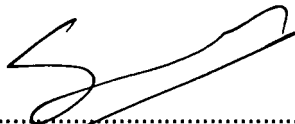
STARLIGHT SHOREDITCH LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Equal Employment Opportunity

Our policy is to promote equal employment opportunity for all of our employees without discrimination on the basis of race, colour, religion, sex, national origin, age, disability, citizenship, marital status, sexual orientation, or as otherwise protected by law. To this end, we endeavour to select, place, train and promote the best qualified individuals based upon job-related factors such as ability, work quality, suitability, experience and potential. These policies are intended to promote the smooth operation of the hotel and to foster a positive and cooperative work environment, and in that way to maintain the unparalleled level of hospitality we are here to deliver.

This report was approved by the board and signed on its behalf.



.....
B Skelli-Cohen
Director

Date: 18/5/18

STARLIGHT SHOREDITCH LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

Directors

The directors who served during the year were:

B Skelli-Cohen
J W Lawrence

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), 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 for the Company's financial statements and then apply them consistently;
- make judgments 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 to 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.

Principal activity

The principal activity of the company is the operation of a hotel.

Results and dividends

The profit for the year, after taxation, amounted to £1,150,228 (2016 - £2,764,627).

Future developments

In accordance with section 414C(11) of the Companies Act 2006 the company has chosen to include information in relation to future developments and financial risk management in the company's strategic report.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort would be made to ensure that their employment with the company continues and appropriate training would be arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

STARLIGHT SHOREDITCH LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

The auditors, Price Bailey LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



.....
G Owen
Secretary

Date: 18/5/18

STARLIGHT SHOREDITCH LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF STARLIGHT SHOREDITCH LIMITED

Opinion

We have audited the financial statements of Starlight Shoreditch Limited (the 'Company') for the year ended 31 December 2017, which comprise the Statement of Income and Retained Earnings, the Balance Sheet, the Statement of Cash Flows and the related notes, 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 profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 Auditors' 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.

STARLIGHT SHOREDITCH LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF STARLIGHT SHOREDITCH LIMITED (CONTINUED)

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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the 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 Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 4, 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.

STARLIGHT SHOREDITCH LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF STARLIGHT SHOREDITCH LIMITED (CONTINUED)

Auditors' 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 Auditors' 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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' 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 Auditors' 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.



Richard Vass (Senior Statutory Auditor)

for and on behalf of

Price Bailey LLP

Chartered Accountants
Statutory Auditors

Dashwood House
69 Old Broad Street
London

EC2M 1QS

Date: *18th May 2018*

STARLIGHT SHOREDITCH LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £	2016 £
Turnover	4	24,050,737	23,226,048
Cost of sales		(9,058,541)	(8,593,152)
Gross profit		<u>14,992,196</u>	<u>14,632,896</u>
Administrative expenses		(13,489,020)	(11,432,811)
Operating profit	5	<u>1,503,176</u>	<u>3,200,085</u>
Interest receivable and similar income		1,803	-
Interest payable and expenses		(5,804)	-
Profit before tax		<u>1,499,175</u>	<u>3,200,085</u>
Tax on profit	10	(348,947)	(435,458)
Profit after tax		<u><u>1,150,228</u></u>	<u><u>2,764,627</u></u>
Retained earnings at the beginning of the year		4,209,512	1,444,885
Profit for the year		<u>1,150,228</u>	<u>2,764,627</u>
Retained earnings at the end of the year		<u><u>5,359,740</u></u>	<u><u>4,209,512</u></u>

There were no recognised gains and losses for 2017 or 2016 other than those included in the statement of income and retained earnings.

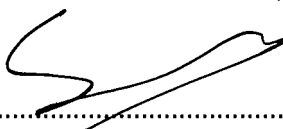
The notes on pages 12 to 22 form part of these financial statements.

STARLIGHT SHOREDITCH LIMITED
REGISTERED NUMBER: 07969868

BALANCE SHEET
AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	11	1,211,150	753,887
		<u>1,211,150</u>	<u>753,887</u>
Current assets			
Stocks	12	184,602	206,870
Debtors: amounts falling due within one year	13	1,715,654	1,498,530
Cash at bank and in hand	14	5,775,552	5,448,492
		<u>7,675,808</u>	<u>7,153,892</u>
Creditors: amounts falling due within one year	15	(3,398,374)	(3,671,106)
Net current assets		<u>4,277,434</u>	<u>3,482,786</u>
Total assets less current liabilities		<u>5,488,584</u>	<u>4,236,673</u>
Provisions for liabilities			
Deferred tax	17	(128,744)	(27,061)
		<u>(128,744)</u>	<u>(27,061)</u>
Net assets		<u><u>5,359,840</u></u>	<u><u>4,209,612</u></u>
Capital and reserves			
Called up share capital	18	100	100
Profit and loss account	19	5,359,740	4,209,512
		<u>5,359,840</u>	<u>4,209,612</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


.....
B Skelli-Cohen
Director

Date: 18/5/18

The notes on pages 12 to 22 form part of these financial statements.

STARLIGHT SHOREDITCH LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017 £	2016 £
Cash flows from operating activities		
Profit for the financial year	1,150,228	2,764,627
Adjustments for:		
Depreciation of tangible assets	232,323	141,450
Taxation charge	348,947	435,458
Decrease in stocks	22,268	7,377
(Increase) in debtors	(217,124)	(257,607)
(Decrease) in creditors	(59,337)	(1,850,997)
Corporation tax (paid)	(464,660)	(556,532)
Net cash generated from operating activities	<u>1,012,645</u>	<u>683,776</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(689,586)	(467,115)
Sale of tangible fixed assets	-	17,919
Interest received	(1,803)	-
Net cash from investing activities	<u>(691,389)</u>	<u>(449,196)</u>
Cash flows from financing activities		
Interest paid	5,804	-
Net cash used in financing activities	<u>5,804</u>	<u>-</u>
Net increase in cash and cash equivalents	327,060	234,580
Cash and cash equivalents at beginning of year	5,448,492	5,213,912
Cash and cash equivalents at the end of year	<u><u>5,775,552</u></u>	<u><u>5,448,492</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	<u>5,775,552</u>	<u>5,448,492</u>
	<u><u>5,775,552</u></u>	<u><u>5,448,492</u></u>

STARLIGHT SHOREDITCH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. General information

Starlight Shoreditch Limited is a private company, limited by shares, and incorporated and domiciled in the United Kingdom. The address of the Company's registered office is 7th Floor, Portman House, 2 Portman Street, London, W1H 6DU.

The address of the Company's place of business is 100 Shoreditch High Street, London, E1 6JQ.

2. Accounting policies

2.1 Basis of preparation of 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 the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

STARLIGHT SHOREDITCH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.3 Tangible fixed assets

Tangible fixed assets under the cost model 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Short-term leasehold property	- straight line over 5 years
Furniture, fixtures and equipment	- straight line over 5 years
Computer equipment	- straight line over 5 years

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 Statement of Income and Retained Earnings.

2.4 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

Perishable food stocks are written off as they are acquired.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.5 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

STARLIGHT SHOREDITCH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.7 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

2.8 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.9 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2.10 Finance costs

Finance costs are charged to the Statement of Income and Retained Earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.11 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Income and Retained Earnings on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 January 2016 to continue to be charged over the period to the first market rent review rather than the term of the lease.

STARLIGHT SHOREDITCH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.12 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Income and Retained Earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.13 Interest income

Interest income is recognised in the Statement of Income and Retained Earnings using the effective interest method.

2.14 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Income and Retained Earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The directors make estimates and assumptions concerning the future based on their knowledge of the business and the markets it operates in. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results.

STARLIGHT SHOREDITCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

4. Turnover

An analysis of turnover by class of business is as follows:

	2017 £	2016 £
Rooms	15,309,920	14,812,191
Food and beverage	8,456,184	8,134,477
Other operations	74,845	81,342
Miscellaneous income	209,788	198,038
	<u>24,050,737</u>	<u>23,226,048</u>

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	232,323	141,450
Other operating lease rentals	<u>7,215,215</u>	<u>6,970,677</u>

6. Auditors' remuneration

	2017 £	2016 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>25,000</u>	<u>32,000</u>

7. Employees

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	4,363,959	4,002,671
Social security costs	362,872	354,040
Cost of defined contribution scheme	14,104	-
	<u>4,740,935</u>	<u>4,356,711</u>

STARLIGHT SHOREDITCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

The average monthly number of employees, including the directors, during the year was as follows:

	2017 No.	2016 No.
Hotel Staff	208	233
Management staff	17	17
	<u>225</u>	<u>250</u>

8. Interest receivable

	2017 £	2016 £
Interest on Corporation tax	1,803	-
	<u>1,803</u>	<u>-</u>

9. Interest payable and similar expenses

	2017 £	2016 £
Interest on Corporation tax	5,804	-
	<u>5,804</u>	<u>-</u>

STARLIGHT SHOREDITCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

10. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	281,276	652,756
Adjustments in respect of previous periods	(34,012)	(244,359)
	<u>247,264</u>	<u>408,397</u>
Total current tax	<u>247,264</u>	<u>408,397</u>
Deferred tax		
Origination and reversal of timing differences	101,683	27,061
Total deferred tax	<u>101,683</u>	<u>27,061</u>
Taxation on profit on ordinary activities	<u>348,947</u>	<u>435,458</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016 - higher than) the standard rate of corporation tax in the UK of 19% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	<u>1,499,175</u>	<u>3,200,085</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2016 - 20%)	284,843	640,017
Effects of:		
Non-deductible expenses	13,290	38,290
Capital allowances for year in excess of depreciation	(22,475)	(25,551)
Adjustments to tax charge in respect of prior periods	(34,012)	(304,599)
Changes in provisions leading to an increase (decrease) in the tax charge	2,004	-
Change in UK corporation tax rate during the period	3,614	-
Group relief	-	60,240
Transfer from deferred tax	101,683	27,061
Total tax charge for the year	<u>348,947</u>	<u>435,458</u>

Factors that may affect future tax charges

There were no factors affecting the future tax charges besides enacted future rate changes.

STARLIGHT SHOREDITCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

11. Tangible fixed assets

	Short-term leasehold property £	Furniture, fixtures and equipment £	Computer equipment £	Total £
Cost				
At 1 January 2017	267,686	529,677	279,605	1,076,968
Additions	13,615	670,266	5,705	689,586
At 31 December 2017	<u>281,301</u>	<u>1,199,943</u>	<u>285,310</u>	<u>1,766,554</u>
Depreciation				
At 1 January 2017	4,461	151,616	167,004	323,081
Charge for the year on owned assets	7,608	159,833	64,882	232,323
At 31 December 2017	<u>12,069</u>	<u>311,449</u>	<u>231,886</u>	<u>555,404</u>
Net book value				
At 31 December 2017	<u>269,232</u>	<u>888,494</u>	<u>53,424</u>	<u>1,211,150</u>
At 31 December 2016	<u>263,225</u>	<u>378,061</u>	<u>112,601</u>	<u>753,887</u>

12. Stocks

	2017 £	2016 £
Beverage stock	143,777	155,800
Other	40,825	51,070
	<u>184,602</u>	<u>206,870</u>

Stock recognised in cost of sales during the year as an expense was £1,870,188 (2016 - £1,021,251).

13. Debtors

	2017 £	2016 £
Trade debtors	445,044	403,079
Other debtors	68,939	35,701
Prepayments and accrued income	1,201,671	1,059,750
	<u>1,715,654</u>	<u>1,498,530</u>

STARLIGHT SHOREDITCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

14. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	5,775,552	5,448,492
	<u>5,775,552</u>	<u>5,448,492</u>

15. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	2,388,154	1,151,972
Amounts owed to group undertakings	60,240	60,240
Corporation tax	132,271	343,863
Other taxation and social security	80,189	402,766
Other creditors	441,876	272,659
Accruals and deferred income	295,644	1,439,606
	<u>3,398,374</u>	<u>3,671,106</u>

16. Financial instruments

	2017 £	2016 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	6,289,535	5,887,272
	<u>6,289,535</u>	<u>5,887,272</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(2,795,605)	(3,050,802)
	<u>(2,795,605)</u>	<u>(3,050,802)</u>

Financial assets that are debt instruments measured at amortised cost comprise cash at bank and in hand and trade and other debtors.

Financial liabilities measured at amortised cost comprise accruals and trade and other creditors.

STARLIGHT SHOREDITCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

17. Deferred taxation

	2017 £	2016 £
At beginning of year	(27,061)	-
Charged to profit or loss	(101,683)	(27,061)
At end of year	<u>(128,744)</u>	<u>(27,061)</u>

The provision for deferred taxation is made up as follows:

	2017 £	2016 £
Accelerated capital allowances	(128,744)	(27,061)
	<u>(128,744)</u>	<u>(27,061)</u>

18. Share capital

	2017 £	2016 £
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	100	100

19. Reserves

Profit and loss account

The profit and loss account represents cumulative profits and losses net of dividends and other adjustments.

20. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £14,104 (2016 - £NIL). At the year end there were outstanding contributions totalling £10,548 (2016: £NIL).

STARLIGHT SHOREDITCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

21. Commitments under operating leases

At 31 December 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Not later than 1 year	2,868,459	2,823,716
Later than 1 year and not later than 5 years	11,473,838	11,294,864
Later than 5 years	17,210,756	16,942,296
	<u>31,553,053</u>	<u>31,060,876</u>

22. Related party transactions

The company has taken advantage of the exemptions under FRS102 for non disclosure of related party transactions and balances with wholly owned group entities.

During the year the company was charged rent of £7,216,378 (2016: £6,987,820) by Limulus Limited, the parent company. At the balance sheet date, the amount outstanding included within creditors totalled £1,388,022 (2016: £1,279,364).

Key management personnel remuneration for the year totalled £516,124 (2016: £520,602).

23. Controlling party

The company is a wholly owned subsidiary of Limulus Limited, a company registered in the Isle of Man. The registered address of Limulus Limited is PO Box 95, 2a Lord Street, Douglas, Isle of Man, IM99 1HP. The parent company of Limulus Limited is Blackthorn Holdings Limited who prepare consolidated financial statements which incorporate the results of the Company.

The Directors regard Bex International Limited, a company registered in the Republic of Liberia, as the ultimate parent undertaking and controlling party.