

JEFFREY&HILLARY UK LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2014

Company Registration Number 08266092

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COMPANIES HOUSE

JEFFREY&HILLARY UK LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 31 OCTOBER 2014

The director

J Zhao

Company secretary

Y Wang

Registered office

142-144 Cardiff Road
Reading
Berkshire
United Kingdom
RG1 8EW

Auditor

Baker Tilly UK Audit LLP
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

JEFFREY&HILLARY UK LIMITED
STRATEGIC REPORT
YEAR ENDED 31 OCTOBER 2014

Business Review

During the year Jeffrey&Hillary UK Limited acquired two golf clubs; The Lambourne Golf Club, where the trade and assets were purchased, and Sand Martins Golf Club, through the purchase of shares of Sand Martins Golf Club Holdings Limited who in turn own Sand Martins Golf Club Limited. These purchases were financed through borrowings from the parent company, Grand Ocean International Development Limited, (to whom £14,598,601 is owed as shown in note 16). They have indicated they are adopting a long term view of their investment in the two golf clubs.

The group is expected to continue to make a trading profit however with a potential yearly loan interest charge of over £700k the financial structure of the business needs to be reviewed to ensure the security of the business going forward. This is something that is being looked in to with the parent company.

The net assets of the group at £2.303 million will also need to cover a write down in Goodwill (totalling £1.878m) over the next 20 years. However, both golf clubs have healthy membership numbers which split into different categories for which there are varying degrees of fees. These membership numbers are expected to remain fairly consistent going forward.

Future developments

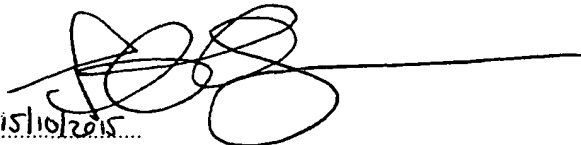
Future developments include building four covered bays on the driving range and a club fitting and teaching studio at Sand Martins.

Key performance indicators

Key performance indicators are membership numbers by category, annual attrition rates based on members renewing membership, weekly tracker reports of sales activity within the golf clubs e.g. Food & Beverage and Pro Shop sales and Green Fee/Golf Society Incomes versus budget and previous year.

Signed by
J Zhao

Approved by the director on 15/10/2015



JEFFREY&HILLARY UK LIMITED

DIRECTOR'S REPORT

YEAR ENDED 31 OCTOBER 2014

The director presents his report and the financial statements of the group for the year ended 31 October 2014.

Principal activity

The principal activity of the group is the operation of two golf clubs.

Results and dividends

The loss for the year, after taxation, amounted to £548,269. The director has not recommended a dividend.

Director

The director who served the company during the year was as follows:

J Zhao

Director's responsibilities

The director is responsible for preparing the Strategic Report, Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that year.

In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The director is 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 enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the director is aware:

- there is no relevant audit information of which the group's auditor is unaware; and
 - the director has taken all steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.
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JEFFREY&HILLARY UK LIMITED

DIRECTOR'S REPORT *(continued)*

YEAR ENDED 31 OCTOBER 2014

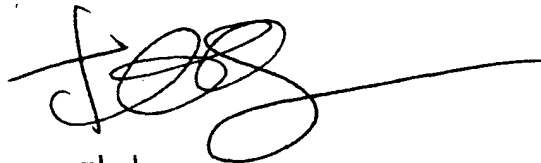
Strategic Report

In accordance with section 414C of the Companies Act 2006, the company has produced a Strategic report which is set out on page 2.

Auditor

Baker Tilly UK Audit LLP were appointed auditors to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Signed by

A handwritten signature in black ink, appearing to be 'J Zhao', with a long horizontal line extending to the right.

J Zhao

Approved by the director on 15/10/2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JEFFREY&HILLARY UK LIMITED

We have audited the group and parent company financial statements ("the financial statements") of Jeffrey&Hillary UK Limited for the year ended 31 October 2014 on pages 7 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of director and auditor

As explained more fully in the Director's Responsibilities Statement set out on page 3, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

Basis for qualified opinion on financial statements

With respect to closing stock having a carrying amount of £176,864 the audit evidence available to us was limited because we did not observe the counting of the physical stock as at 31 October 2014, since that date was prior to our appointment as auditor of the company. Owing to the nature of the group's records, we were unable to obtain sufficient appropriate audit evidence regarding the stock quantities by using other audit procedures.

Qualified Opinion on financial statements

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 October 2014 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter

With respect to the comparative figures, the group has restated certain items as set out in the accounting policies on page 12 as the result of fundamental errors. Our audit opinion is not modified in this respect.

Other matter

The company was exempt from audit in the period ended 31 October 2013 and consequently the corresponding figures are unaudited.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
JEFFREY&HILLARY UK LIMITED (CONTINUED)**

Matters on which we are required to report by exception

In respect solely of the limitation of our work relating to stock, described above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records had been kept by the parent company and its subsidiaries.

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:

- 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 director's remuneration specified by law are not made.



Ian Hughes (Senior Statutory Auditor)

Baker Tilly UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

Date:- 15 OCTOBER 2015

JEFFREY&HILLARY UK LIMITED
GROUP PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 OCTOBER 2014

		2014		2013 <i>Restated</i>	
	Note	£	£	£	£
Turnover	2				
Acquisitions		1,008,049		-	
Discontinued operations		-		738,019	
		<u>1,008,049</u>		<u>738,019</u>	
Group turnover			1,008,049		738,019
Cost of sales					
Acquisitions			(536,320)		-
Discontinued operations			-		(447,962)
			<u>471,729</u>		<u>290,057</u>
Gross profit			471,729		290,057
Net operating expenses					
Acquisitions			(386,136)		-
Discontinued operations			-		(302,418)
Operating profit/(loss):	3				
Acquisitions		85,593		-	
Discontinued operations		-		(12,361)	
Group operating profit/(loss)			<u>85,593</u>		<u>(12,361)</u>
Profit on disposal of discontinued operations			-		3,217,482
Interest payable and similar charges	5		(625,936)		(353,481)
(Loss)/profit on ordinary activities before taxation			<u>(540,343)</u>		<u>2,851,640</u>
Tax on (loss)/profit on ordinary activities	6		(7,926)		-
(Loss)/profit for the financial year	7		<u><u>(548,269)</u></u>		<u><u>2,851,640</u></u>

All of the activities of the group are classed as continuing.

The group has no recognised gains or losses other than the results for the year as set out above.

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own Profit and Loss Account.

The notes on pages 11 to 21 form part of these financial statements.

JEFFREY & HILLARY UK LIMITED

GROUP BALANCE SHEET

31 OCTOBER 2014

		2014		2013 <i>Restated</i>	
	Note	£	£	£	£
Fixed assets					
Intangible assets	8		1,877,569		-
Tangible assets	9		14,183,676		531
			<u>16,061,245</u>		<u>531</u>
Current assets					
Stocks	12	176,864		-	
Debtors	13	173,731		72,761	
Cash at bank		1,577,468		10,955,815	
			<u>1,928,063</u>	<u>11,028,576</u>	
Creditors: Amounts falling due within one year	14	(15,685,935)		(8,177,465)	
Net current (liabilities)/assets			(13,757,872)		2,851,111
Total assets less current liabilities			<u>2,303,373</u>		<u>2,851,642</u>
Capital and reserves					
Called-up share capital	17		2		2
Profit and loss account	18		2,303,371		2,851,640
Shareholders' funds	19		<u>2,303,373</u>		<u>2,851,642</u>

These accounts were approved and signed by the director and authorised for issue on 15/10/2015

J Zhao
Director



The notes on pages 11 to 21 form part of these financial statements.

JEFFREY & HILLARY UK LIMITED

Registered Number 08266092

BALANCE SHEET**31 OCTOBER 2014**

		2014		2013 Restated	
	Note	£	£	£	£
Fixed assets					
Tangible assets	9		10,629,036		531
Investments	10		5,116,810		-
			<u>15,745,846</u>		<u>531</u>
Current assets					
Stocks	12	61,860		-	
Debtors	13	128,273		72,761	
Cash at bank		1,539,281		10,955,815	
		<u>1,729,414</u>		<u>11,028,576</u>	
Creditors: Amounts falling due within one year	14	<u>(15,138,747)</u>		<u>(8,177,465)</u>	
Net current (liabilities)/assets			<u>(13,409,333)</u>		<u>2,851,111</u>
Total assets less current liabilities			<u>2,336,513</u>		<u>2,851,642</u>
Capital and reserves					
Called-up share capital	17		2		2
Profit and loss account	18		<u>2,336,511</u>		<u>2,851,640</u>
Shareholders' funds			<u>2,336,513</u>		<u>2,851,642</u>

These accounts were approved and signed by the director and authorised for issue on 15/10/2015

J Zhao
Director

The notes on pages 11 to 21 form part of these financial statements.

JEFFREY&HILLARY UK LIMITED
GROUP CASH FLOW
YEAR ENDED 31 OCTOBER 2014

	Note	2014		2013	
		£	£	£	£
Net cash inflow from operating activities	20		440,367		62,795
Returns on investments and servicing of finance					
Interest paid		(624,354)		(352,917)	
Interest element of finance leases and similar		(1,582)		(564)	
Net cash outflow from returns on investments and servicing of finance			(625,936)		(353,481)
Taxation			(7,926)		-
Capital expenditure					
Payments to acquire tangible fixed assets		(10,664,738)		(6,913,331)	
Receipts from sale of fixed assets		-		10,106,913	
Net cash (outflow)/inflow from capital expenditure			(10,664,738)		3,193,582
Acquisitions and disposals					
Purchase of subsidiary undertakings		(5,056,810)		-	
Cash acquired with subsidiary undertaking		5,331		-	
			(5,051,479)		
Cash (outflow)/inflow before financing			(15,909,712)		2,902,896
Financing					
Issue of equity share capital				2	
Capital element of finance leases and similar agreements		(14,319)		-	
Amounts borrowed from group undertakings		6,545,684		8,052,917	
Net cash inflow from financing			6,531,365		8,052,919
(Decrease)/increase in cash	20		(9,378,347)		10,955,815

The notes on pages 11 to 21 form part of these financial statements.

JEFFREY&HILLARY UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2014

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

Going concern

The company is reliant upon the continued support of the ultimate parent company, Grand Ocean International Development Limited. During the year they provided extra funding of £8 million (2013: £7.7 million). This loan is repayable on demand and interest is charged annually at 5%.

Grand Ocean International Development Limited have confirmed that it does not intend to seek repayment of this loan for a period of at least 12 months from the date of the approval of the accounts. They have also advised that they will provide additional support as required to enable the company to continue trading for the foreseeable future.

As a result of the above the director has considered the use of the going concern basis of accounting to be appropriate.

Basis of consolidation

The consolidated financial statements incorporate those of Jeffrey&Hillary UK Limited and all of its subsidiary undertakings for the period. Subsidiaries acquired during the year are consolidated using the acquisition method. Their results are incorporated from the date that control passes. The difference between the cost of acquisition of shares in subsidiaries and the fair value of the separable net assets acquired is capitalised as purchased goodwill and amortised through the profit and loss account over its estimated economic life. Provision is made for any impairment. All financial statements are made up to 31 October 2014.

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.

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.

As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

Turnover

The turnover shown in the profit and loss account represents amounts receivable from the operation of two golf clubs during the year, exclusive of Value Added Tax.

Goodwill

Positive purchased goodwill arising on acquisitions is capitalised, classified as an asset on the Balance Sheet and amortised over its estimated useful life up to a maximum of 20 years. This length of time is presumed to be the maximum useful life of purchased goodwill because it is difficult to make projections beyond this period.

Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently as and when necessary if circumstances emerge that indicate that the carrying value may not be recoverable.

JEFFREY&HILLARY UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2014

1. Accounting policies (continued)

Depreciation

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Freehold Property	-	2-7% straight line
Land	-	Not depreciated
Plant & Machinery	-	10-25% straight line
Equipment	-	10-25% straight line

Finished goods and goods for resale

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

Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account on straight line basis over the period of the lease.

Prior period adjustment

The comparatives have been restated as follows:

- In the prior period the intercompany loan due to Grand Ocean International Development Limited of £8,052,917 was not included as falling due within one year. This has been reclassified to current liabilities to reflect the fact that this is payable on demand.
- In the prior period the profit on disposal of fixed assets of £3,217,482 was included within administrative expenses above the operating profit line. This has been reclassified in line with FRS3 to be displayed below operating profit on the face of the profit and loss statement.
- In the prior period the turnover and operating profit were shown as continued operations. As the trading ceased upon the sale of the golf club this has been reclassified to discontinued operations.

These reclassifications have no impact on the Shareholders' Funds at 31 October 2013 or results for the period then ended.

JEFFREY&HILLARY UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2014

2. Turnover

The total turnover of the group from the period has been derived from its principal activity.

All turnover is derived from activities within the United Kingdom.

3. Operating profit/(loss)

Operating profit/(loss) is stated after charging/(crediting):

	2014	2013
	£	£
		<i>Restated</i>
Depreciation of owned fixed assets	34,695	23,369
Profit on disposal of fixed assets	(1,800)	-
Auditors remuneration	16,000	-
Amortisation	23,767	-
Director's remuneration	-	-
	<u> </u>	<u> </u>

Auditors remuneration

Amounts payable to Baker Tilly UK Audit LLP and its associates in respect of both audit and non-audit services were as follows:

Audit of statutory financial statements	16,000	-
Non-audit services:		
Preparation of financial statements	4,750	1,750
Tax services	2,750	26,000
	<u> </u>	<u> </u>

4. Particulars of employees

The average number of staff employed by the group during the financial year amounted to:

	2014	2013
	No	No
Number of staff	76	28
	<u> </u>	<u> </u>

The aggregate payroll costs of the above were:

	2014	2013
	£	£
Wages and salaries	367,794	216,264
Social security costs	24,976	10,136
	<u>392,770</u>	<u>226,400</u>

JEFFREY&HILLARY UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2014

5. Interest payable and similar charges

	2014	2013
	£	£
Interest payable on bank borrowing	49,182	-
Finance charges	1,582	564
Interest on intercompany loans	575,172	352,917
	<u>625,936</u>	<u>353,481</u>

6. Taxation on ordinary activities

Analysis of charge in the year

	2014	2013
	£	£

Adjustment in respect of prior periods	<u>7,926</u>	<u>-</u>
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Factors affecting the tax charge for the year

The tax assessed for the year is lower than the effective rate of corporation tax of 21.83% (2013: 23%). The differences are explained below:

(Loss)/profit on ordinary activities before taxation	(540,343)	2,851,640
(Loss)/profit on ordinary activities before taxation multiplied by effective rate of UK corporation tax of 21.83% (2013: 23%)	(117,957)	667,674
Fixed asset differences	(2)	(748,516)
Expenses not deductible for tax purposes	-	452
Capital allowances in excess of depreciation and depreciation in excess of capital allowances	(18,715)	411
Unrelieved tax losses and other deductions arising in the period	<u>136,674</u>	<u>79,979</u>
	-	-
Current tax charge for the year	<u>-</u>	<u>-</u>

The group has estimated tax losses of £942,465 (2013: £341,586) available for carry forward against future trading profits.

A potential deferred tax asset of £189,000 (2013: £68,000) has arisen in the year in respect of losses carried forward. The asset has not been recognised on the basis that the group does not expect to make taxable profits in the foreseeable future.

During the prior period, no provision was made for deferred tax recognised on the sale of golf club as potential taxable gains were rolled over into replacement assets. Such gains would be payable only if the property were sold without it being possible to claim rollover relief. The total amount not provided for is £618,268.

JEFFREY&HILLARY UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2014

7. Loss attributable to members of the parent company

The loss dealt with in the financial statements of the parent company was £515,129 (2013: profit £2,851,640)

8. Intangible fixed assets.

Group	Goodwill £
Cost	
Additions	1,901,336
At 31 October 2014	<u>1,901,336</u>
 Amortisation	
Charge for the year	23,767
At 31 October 2014	<u>23,767</u>
 Net book value	
At 31 October 2014	<u>1,877,569</u>
At 31 October 2013	<u>-</u>

During the year, the company acquired Sand Martins Golf Club Holdings Limited and its subsidiary Sand Martins Golf Club Limited, the Goodwill on consolidation is related to the acquisition of both entities (see note 11).

JEFFREY&HILLARY UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2014

9. Tangible fixed assets

Group	Freehold Property £	Plant & Machinery £	Equipment £	Total £
Cost				
At 1 November 2013	-	-	542	542
Additions	13,851,326	253,144	123,632	14,228,102
Disposals	-	(9,731)	(542)	(10,273)
At 31 October 2014	<u>13,851,326</u>	<u>243,413</u>	<u>123,632</u>	<u>14,218,371</u>
Depreciation				
At 1 November 2013	-	-	11	11
Charge for the year	9,937	5,079	19,679	34,695
Disposals	-	-	(11)	(11)
At 31 October 2014	<u>9,937</u>	<u>5,079</u>	<u>19,679</u>	<u>34,695</u>
Net book value				
At 31 October 2014	<u>13,841,389</u>	<u>238,334</u>	<u>103,953</u>	<u>14,183,676</u>
At 31 October 2013	<u>-</u>	<u>-</u>	<u>531</u>	<u>531</u>

Finance leases and similar agreements

Included within the net book value of £14,183,676 is £154,770 (2013 - £Nil) relating to assets held under finance leases and similar agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £11,222 (2013 - £Nil).

Company	Freehold Property £	Equipment £	Total £
Cost			
At 1 November 2013	-	542	542
Additions	10,525,083	123,632	10,648,715
Disposals	-	(542)	(542)
At 31 October 2014	<u>10,525,083</u>	<u>123,632</u>	<u>10,648,715</u>
Depreciation			
At 1 November 2013	-	11	11
Charge for the year	-	19,679	19,679
On disposals	-	(11)	(11)
At 31 October 2014	<u>-</u>	<u>19,679</u>	<u>19,679</u>
Net book value			
At 31 October 2014	<u>10,525,083</u>	<u>103,953</u>	<u>10,629,036</u>
At 31 October 2013	<u>-</u>	<u>531</u>	<u>531</u>

JEFFREY&HILLARY UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2014

10. Investments

Company	Group companies £
Cost	
Additions	5,056,810
Long term loan	60,000
At 31 October 2014	<u>5,116,810</u>
Net book value	
At 31 October 2014	<u>5,116,810</u>
At 31 October 2013	<u>-</u>

Sand Martins Golf Club Holdings Limited

On 29 July 2014, Jeffrey&Hillary UK Limited acquired 100% of the share capital of Sand Martins Golf Club Holdings Limited and its subsidiary Sand Martins Golf Club Limited for a cash consideration of £5,056,810. The goodwill arising on the acquisition has been capitalised and is being amortised on a straight line basis over 20 years. The transaction has been accounted for under the acquisition method of accounting.

At the balance sheet date the company holds 100% of the ordinary share capital of the following entities.

Subsidiary undertakings

	Country of incorporation	Proportion of voting rights and shares held	Nature of business
Sand Martins Golf Club Holdings Limited	England & Wales	Ordinary shares 100%	Holding company
Sand Martins Golf Club Limited	England & Wales	Ordinary shares 100%	Golf club proprietors

Aggregate capital and reserves

	1 August 2013 – 29 July 2014	1 August 2012 – 31 July 2013
	£	£
Sand Martins Gold Club Holdings Limited	850,430	850,430
Sand Martins Gold Club Limited	647,745	580,517

Profit for the period before acquisition

	1 August 2013 – 29 July 2014	1 August 2012 – 31 July 2013
	£	£
Sand Martins Gold Club Holdings Limited	5,000	-
Sand Martins Gold Club Limited	8,028	67,229

JEFFREY&HILLARY UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2014

11. Acquisition of subsidiaries

The consideration and the fair value of the net assets at the acquisition date are set out below:

	Net book value £	Fair value at acquisition £
Tangible fixed assets	3,551,302	3,551,302
Stock	127,815	127,815
Debtors	72,457	72,457
Cash	5,331	5,331
Creditors	(601,431)	(601,431)
Net assets at acquisition	<u>3,155,474</u>	<u>3,155,474</u>
Net assets at acquisition		3,155,474
Goodwill		1,901,336
Consideration		<u>5,056,810</u>
Made up of:		
Cash paid to acquire shares		3,068,154
Bank loans and overdraft		1,859,853
Acquisition fees		128,803
		<u>5,056,810</u>
Net cash inflows in respect of the acquisition of Sand Martins Golf Club Holdings Limited and Sand Martins Golf Club Limited were as follows:		
Cash at bank and in hand acquired		<u>5,331</u>
Net cash inflows		<u>5,331</u>

12. Stocks

	<i>Group</i>		<i>Company</i>	
	2014 £	2013 £	2014 £	2013 £
Finished goods and goods for resale	<u>176,864</u>	<u>—</u>	<u>61,860</u>	<u>—</u>

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13. Debtors

	<i>Group</i>		<i>Company</i>	
	2014 £	2013 £	2014 £	2013 £
Trade debtors	15,166	–	7,015	–
VAT recoverable	–	40,860	–	40,860
Other debtors	91,151	–	83,989	–
Prepayments and accrued income	67,414	31,901	37,269	31,901
	<u>173,731</u>	<u>72,761</u>	<u>128,273</u>	<u>72,761</u>

14. Creditors: Amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	2014 £	<i>Restated</i> 2013 £	2014 £	<i>Restated</i> 2013 £
Trade creditors	181,929	21,925	70,854	21,925
Finance leases and similar agreements	52,204	–	–	–
Other creditors including taxation and social security:				
Corporation tax	300	–	–	–
PAYE and social security	23,731	–	12,233	–
VAT	56,687	–	18,645	–
Other creditors	57,261	100,873	–	100,873
Accruals and deferred income	715,222	1,750	438,414	1,750
Amounts owed to group undertakings	14,598,601	8,052,917	14,598,601	8,052,917
	<u>15,685,935</u>	<u>8,177,465</u>	<u>15,138,747</u>	<u>8,177,465</u>

Included in amounts owed to group undertakings is a loan due to Grand Ocean International Development Limited, the ultimate parent company.

15. Commitments under operating leases

At 31 October 2014 the group had annual commitments under non-cancellable operating leases as set out below.

Group	<i>Assets other than Land and buildings</i>	
	2014 £	2013 £
Operating leases which expire:		
Within 1 year	7,745	–
Within 2 to 5 years	15,536	–
	<u>23,281</u>	<u>–</u>

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15. Commitments under operating leases (continued)

At 31 October 2014 the company had annual commitments under non-cancellable operating leases as set out below.

Company	Assets other than land and buildings	
	2014	2013
	£	£
Operating leases which expire:		
Within 1 year	1,697	-
Within 2 to 5 years	3,440	-
	<u>5,137</u>	<u>-</u>

16. Related party transactions

No transactions with subsidiaries within the group were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

During the year, Grand Ocean International Development Limited, the group's ultimate parent company, advanced the company £8,000,000 (2013: £7,700,000) with a loan payable on demand, part or in full with one month's notice. Interest is to be charged annually at 5% (2013: prior loan 5.5%) and paid at the same date as the maturity date, interest accrued during the year was £575,172 (2013: £352,917).

At the balance sheet date, amounts due within one year are £14,598,601 (2013: £8,052,917) to Grand Ocean International Development Limited.

17. Share capital

Allotted, called up and fully paid:

	2014		2013	
	No	£	No	£
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

18. Reserves

Group	Profit and loss account
	£
Balance brought forward	2,851,640
Loss for the year	(548,269)
Balance carried forward	<u>2,303,371</u>
 Company	 Profit and loss account
	£
Balance brought forward	2,851,640
Loss for the year	(515,129)
Balance carried forward	<u>2,336,511</u>

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19. Reconciliation of movements in shareholders' funds

	2014 £	2013 £
(Loss)/profit for the financial year	(548,269)	2,851,640
New ordinary share capital subscribed	—	2
Net (reduction)/addition to shareholders' funds	<u>(548,269)</u>	<u>2,851,642</u>
Opening shareholders' funds	2,851,642	—
Closing shareholders' funds	<u>2,303,373</u>	<u>2,851,642</u>

20. Notes to the cash flow statement

Reconciliation of operating profit/(loss) to net cash inflow from operating activities

	2014 £	2013 £
Operating profit/(loss)	85,593	(12,361)
Depreciation	34,695	23,369
Amortisation	23,767	—
Profit on disposal of fixed assets	(1,800)	—
Increase in stocks	(49,049)	—
Increase in debtors	(4,323)	(72,761)
Increase in creditors	351,484	124,548
Net cash inflow from operating activities	<u>440,367</u>	<u>62,795</u>

Reconciliation of net cash flow to movement in net (debt)/funds

	2014		2013	
	£	£	£	£
(Decrease)/increase in cash in the period	(9,378,347)		10,955,815	
Net outflow in respect of capital element finance leases and similar agreements	(52,204)		—	
Cash outflow of amounts owed to group undertakings	(6,545,684)		(8,052,917)	
Change in net (debt)/funds		<u>(15,976,235)</u>		<u>2,902,898</u>
Net funds at 1 November 2013		2,902,898		—
Net (debt)/funds at 31 October 2014		<u>(13,073,337)</u>		<u>2,902,898</u>

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20. Notes to the cash flow statement (continued)

Analysis of changes in net (debt)/funds

	At 1 November 2013 £	Cash flows £	Other non-cash changes	At 31 October 2014 £
Net cash:				
Cash in hand and at bank	10,955,815	(9,378,347)	-	1,577,468
Debt:				
Capital element of finance leases and similar agreements	-	14,319	(66,523)	(52,204)
Amounts owed to group undertakings	(8,052,917)	(6,545,684)	-	(14,598,601)
Net funds/(debt)	<u>2,902,898</u>	<u>(15,909,712)</u>	<u>(66,523)</u>	<u>(13,073,337)</u>

21. Ultimate controlling party

The group is a wholly owned subsidiary of Grand Ocean International Development Limited which is its ultimate parent company, Grand Ocean International Development Limited is incorporated in Hong Kong.

The directors do not consider there to be an ultimate controlling party.