Registered number: 05106196

EXECUTIVE SERVICED APARTMENTS LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

EXECUTIVE SERVICED APARTMENTS LTD

COMPANY INFORMATION

Directors	C G B Turner C C Minhinnett J H Logan C R Turberville - Tully P Wilson (resigned 12 May 2017)
Registered number	05106196
Registered office	Elizabeth House 13-19 London Road Newbury Berkshire RG14 1JL
Independent auditor	James Cowper Kreston Chartered Accountants and Statutory Auditor Mill House Overbridge Square Hambridge Lane Newbury RG14 5UX

CONTENTS

Introduction and principal activity

The directors present their Strategic Report for the year ended 31 March 2017.
The principal activity of the Company in the year ended 31 March 2017 was the provision of corporate accommodation solutions. This is delivered through access to the Company's own serviced apartments, a network of partner operators' apartments and tailored long term corporate housing solutions. During the year in question, the Company continued to grow and refresh its own portfolio and continued to improve and expand its customer service offering. The Company has continued to invest heavily into employee development and new systems to provide the appropriate infrastructure to drive ongoing improvements in the client and guest experience; building on progress made in the previous year.

Market review

The demand for serviced accommodation has continued to grow as the profile of the sector increases. With growing awareness of the advantages that serviced apartments can offer when compared to other short term accommodation alternatives, the sector has experienced growing demand, even during a time of relative economic uncertainty. Serviced apartment availability and pricing factors have meant that they are viewed as an alternative to hotel accommodation more than ever before, and both the sector and ESA are well placed to thrive; both in the short term and once economic confidence improves.
A large proportion of business being placed into the serviced apartment sector remains aligned to project work undertaken by large organisations and is therefore reliant upon the long-term stability of the world economy.
Raising finance has historically been a challenge for the serviced apartment sector, in common with many other industries; however an increasing number of banks, private equity and venture capital investors and other private investors are now taking a more active interest in this sector. The availability of town centre commercial buildings for redevelopment under permitted development schemes has resulted in an increase in the supply of new apartment building opportunities; with more expected in the near future.

Business review

The financial period under review was a year of further significant change and improvement. During this period the Company consolidated its geographical spread whilst increasing its client diversity. The Company continuously reviews the performance of its operations and individual locations and recognised that not all of its locations have been as successful as required. The Company therefore took the decision that two of the smallest locations were of insufficient size to warrant further investment and they have been closed during the year. ESA has continued to maintain these locations under its partner network and therefore continues to supply accommodation solutions to clients requiring accommodation in these areas. The Company also took the decision to expand a number of its larger and more profitable locations, in order to successfully make overall improvements to business performance.
The Company has continued to develop its network of serviced apartment partners and has been delivering record levels of sales by providing an increasing volume of solutions to its clients through the extended network, both across the UK and beyond. We are focussed on further expanding the partner network and expecting to more than double revenues through this channel in the coming year.
ESA began delivery against an additional corporate housing contract in January 2017, with the initial provision of 5 apartments to a sector not serviced by the Company before. The service offering with corporate housing is similar to serviced apartments; however the accommodation and service is tailored to the client's requirements and the revenue streams are less variable, as they are not impacted by industry seasonality. The contract has been performing well and the Company is looking to further roll-out this form of accommodation solution in the near future.

ESA has increased its serviced apartment portfolio from 325 properties in March 2016 to 356 properties at the peak during August, before closing at 336 in March 2017, across the Company's 17 locations. The Company's established method of operation has been to flex the portfolio over the year to maximise availability during the summer and to decommission older apartment stock during the winter. The Company's increased focus on the acquisition of dedicated buildings, which have proven to yield improved results for the guest experience, resulted in the opening of 29 new apartments in dedicated buildings during the year. Further to the 3% net apartment growth, 18% of the closing portfolio was acquired during the year, demonstrating the extent of the ongoing investment into shaping the portfolio for the future.

The Company has continued to invest in systems development to enhance future growth, in particular its on-line presence to sell both its own portfolio and its partner network. The Company also re-launched its own website, which will further improve the user experience. The Company has also significantly invested into the ongoing development of its management information systems to provide greater business intelligence, whilst also streamlining processes. As with the acquisition of tangible fixed assets, these initiatives have resulted in an increase in intangible fixed asset acquisitions plus the resulting amortisation; these initiatives have also required considerable cash investment.

At the start of the year under review, ESA launched its Company-wide strategy to form the guiding basis upon which all strategic decisions would be taken. This "5-pillar strategy" puts the client and guest experience at the very heart of all aspects of the Company's thinking.

The Company continues to invest in its partnership arrangements with two key industry players; BridgeStreet Global Hospitality and the TAS Alliance, in each case the two partner Companies are committed to supporting each other through the provision of serviced accommodation solutions to each other's clients within our respective locations. Both partnerships have delivered substantially increased revenues, greater industry profile and deeper industry insight.

The Company will continue with its plans to expand the overall size and reach of its operations and will soon be seeking additional funding in order to support the delivery of these plans.

Financial review

The Company's average portfolio across the year grew by 16% to 343 apartments. Revenues grew by nearly 17% to £10.5m (2016: £9.0m), which reflect improved trading as well as the portfolio growth (including corporate housing and partner network). Gross margins improved to 26.7% (2016: 24.9%) as a result of improved occupancy and RevPAA (Revenue per Available Apartment) performance. The Company's EBITDA increased by over 300% to £670k (2016: £166k) as a result of leveraging increased revenues. Net Loss after Tax reduced by over 77% to £67k (2016: £297k Loss), despite Depreciation & Amortisation increasing by 39% to £649k (2016: £468k). The Company's Net Asset Value grew by nearly 20% to £783k (2016: £661k) primarily as a result of the additional equity investment secured during the year.

The joint venture, in which ESA performs a pivotal role, generated additional margins of £148k (2016: £132k), which is 13% higher than last year; and is a result of continued growth in its portfolio.

The ongoing investment into portfolio growth and company infrastructure over the last 2-3 years has provided the appropriate platform to deliver the significant uplift in financial performance during the year to March 2017. The Company's continued investment in growth has had a significant impact on the Company's profitability in recent years; in each of the past 2 financial years the Company has invested well over £0.4m more than it would have needed to in order to maintain the business at its present level. The Company plans to leverage this investment further by increasing future revenues without the need to significantly increase its cost base.

The Company's improved financial performance, compared to the previous year, has meant that it was able to be fully compliant with its banking covenants for the three quarters ending December 2016, March 2017 and June 2017. Throughout the first half of this review period and the last 3 quarters of the previous financial year, the Company was not fully compliant with its banking covenants. The Company's main lender, Santander Bank PLC, has supported the Company's position; and prior to being fully compliant formally waived its rights in relation to any reported covenant breaches. The Company's latest performance forecasts indicate that the Company is expecting to remain fully compliant for the remainder of the term of the Santander facilities. During the year the Company raised additional equity and debt funding to the value of around £0.5m, to support the ongoing delivery of its growth strategy.
ESA continued to grow its operation during this last financial year but the relative growth and impact on the Company's financial performance was lower than the year to 31st March 2016. Along with embedding and maximising the investment already made, this has meant that the performance of the Company during the year in question has shown a significant improvement, which was fully expected and formed an integral part of the Company's longer term growth strategy. The Board continue to have every confidence that significant portfolio growth coupled with revenue performance enhancement will be readily achieved in the future to enable the Company to reach its full potential.

Principal risks and uncertainties

There are a number of risks and uncertainties than can impact the performance of the Company which are beyond the control of the Company and its directors.
These include:
- Reduction in the demand for corporate accommodation
- Confidence in the economy
- Reduction in overseas inbound travel
- Impact of Brexit on global travel and mobility
- Short-term risk of disruption due to the general election

Management believe that these risks can be mitigated or significantly reduced by adopting a number of strategies that will give the business the appropriate level of flexibility and agility to be able to quickly respond to changes in the marketplace as soon as they might occur.
The Company has further invested in improved corporate governance with the formation of additional committees to steer strategic areas of the Company's business. Existing tiers of management have been further strengthened and the recruitment and retention of high calibre employees has been a key feature of success during the year.

Credit risk

The Company's credit risk is primarily attributable to its trade receivables and other debtors. The amounts presented on the Balance Sheet are net of any allowances for doubtful receivables. The Company does not have a significant concentration of credit risk associated with one customer.

Liquidity risk

The Company seeks to manage risks to ensure sufficient liquidity is available to meet foreseeable needs. Long term flexibility is achieved from the use of an overdraft and the management of cash flows. The directors prepare cash flow forecasts on a regular basis to identify any short term funding challenges at an early stage.

Cash flows

Full details of cash flows generated by the business are disclosed within the Cash Flow Statement on page 13. The Company generates sufficient cash flows through its ordinary operations, in combination with the use of asset finance, to achieve its objectives as set out above.

Financial key performance indicators

The Company continuously monitors a broad range of financial key performance indicators, however the principle financial KPIs are revenue, gross profit and EBITDA which are detailed in the financial review.

Other key performance indicators

The Company continuously monitors a broad range of non-financial key performance indicators, however the principle non-financial KPIs are health and safety compliance, apartment standards, client and guest satisfaction and the employee value proposition; each of which continue to be scored by independent third parties. The scores achieved continue to be in line or ahead of the Company's expectations.

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

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C G B Turner
Director

Date: 5 October 2017

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2017

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

Directors

The directors who served during the year were:

C G B Turner
C C Minhinnett
J H Logan
C R Turberville - Tully
P Wilson (resigned 12 May 2017)

Results and dividends

The loss for the year, after taxation, amounted to £67,216 (2016 - loss £297,235).

The total distribution of dividends for the year ended 31 March 2017 was £30,331 (2016 - £124,309).
No final dividends have been proposed for the year ended 31 March 2017.

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.

Future developments

Further details of the Company's future strategy can be found in the Strategic Report.

Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

Post balance sheet events

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

Auditor

The auditor, James Cowper Kreston, 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.

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C G B Turner
Director

Date: 5 October 2017

EXECUTIVE SERVICED APARTMENTS LTD

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF EXECUTIVE SERVICED APARTMENTS LTD

We have audited the financial statements of Executive Serviced Apartments Ltd for the year ended 31 March 2017, set out on pages 10 to 32. The relevant financial reporting framework that has been applied in their preparation is applicable law and the 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'.

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 Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement on page 5, the directors are 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 Financial Reporting Council'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/apb/scope/UKNP.

Basis for qualified opinion on financial statements

Executive Serviced Apartments Ltd has an ongoing dispute with a supplier regarding the provision of services. A provision of £30,000 is carried as at 31 March 2017 in respect of the dispute which is the directors' best estimate of the liability. This amount represents a reduction of the provision recognised at 31 March 2016 and therefore £70,000 has been credited to cost of sales within the Statement of Comprehensive Income for the year ended 31 March 2017.
We were unable to obtain sufficient appropriate audit evidence in respect of the carrying amount of the liability of £30,000 as at 31 March 2017 and, therefore, the credit to the Statement of Comprehensive Income of £70,000 for the year ended 31 March 2017 because we were unable to obtain an external legal opinion or satisfy ourselves using other audit procedures as to whether the liability is a fair estimate.

Qualified opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, and the effect of any adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the estimate of the liability, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter - going concern

In forming our opinion on the financial statements, which is qualified for the reason noted above, we have considered the adequacy of the disclosure made in note 2.2 to the financial statements concerning the Company's ability to continue as a going concern. The Company incurred a net loss during the year ended 31 March 2017 and breached its debt covenants during the period. The Company is, therefore, reliant on the support of the bank. The Company also requires additional funding to continue with its current business plan. These conditions, along with other matters explained in note 2.2 to the financial statements, indicate a material uncertainty which may cast doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

Other matter

Statement pursuant to section 837(4)of the Companies Act 2006

Respective responsibilities of directors and the auditor

In addition to their responsibilities described above, the directors are also responsible for considering whether the Company, subsequent to the balance sheet date, has sufficient distributable profits to make a distribution at the time the distribution is made.

Our responsibility is to report whether, in our opinion, the subject matter of our qualification of our auditor’s report on the financial statements for the year ended 31 March 2017 is material for determining, by reference to those financial statements, whether the distributions proposed by the Company is permitted under section 830 of the Companies Act 2006.

We are not required to form an opinion on whether the Company has sufficient distributable reserves to make the distribution proposed at the time it is made.

Opinion

In our opinion the subject matter of the above qualification is not material for determining whether the distributions of £30,331 for the year ended 31 March 2017 is permitted under section 830 of the Companies Act 2006.

Opinion on other matter 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 those financial statements and such reports have been prepared in accordance with applicable legal requirements.

In the light of our 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 and the Directors' Report.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF EXECUTIVE SERVICED APARTMENTS LTD (CONTINUED)

Matters on which we are required to report by exception

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, 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.

James Pitt BA (Hons) ACA (Senior Statutory Auditor)

for and on behalf of
James Cowper Kreston

Chartered Accountants and Statutory Auditor

Mill House
Overbridge Square
Hambridge Lane
Newbury
RG14 5UX

5 October 2017

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 £	2016 £
Turnover	4	**10,456,784**	8,953,241
Cost of sales		**(7,661,089)**	(6,723,916)
Gross profit		**2,795,695**	2,229,325
Administrative expenses		**(2,273,675)**	(2,194,327)
Depreciation, amortisation and profit/(loss) on disposal of assets		**(648,990)**	(467,598)
Other operating income	6	**148,500**	132,000
Earnings before interest and participating interests	7	**21,530**	(300,600)
Income from participating interests		**30,000**	30,000
Interest receivable and similar income		**133**	226
Interest payable and expenses	11	**(118,237)**	(113,861)
Loss before tax		**(66,574)**	(384,235)
Tax on loss	12	**(642)**	87,000
Loss for the financial year		**(67,216)**	(297,235)

There was no other comprehensive income for 2017 (2016: £NIL).

The notes on pages 15 to 32 form part of these financial statements.

BALANCE SHEET
AS AT 31 MARCH 2017

	2017	2016

	Note		£		£
Fixed assets					
Intangible assets	14		**945,319**		886,651
Tangible fixed assets	15		**1,667,681**		1,761,213
Investments	16		**500**		500
			2,613,500		2,648,364
Current assets					
Debtors: amounts falling due after more than one year	17	**191,365**		173,070	
Debtors: amounts falling due within one year	17	**1,107,112**		1,438,049	
Cash at bank and in hand	18	**244,859**		234,435	
		1,543,336		1,845,554	
Creditors: amounts falling due within one year	19	**(2,084,927)**		(2,371,183)	
Net current liabilities			**(541,591)**		(525,629)
Total assets less current liabilities			**2,071,909**		2,122,735
Creditors: amounts falling due after more than one year	20		**(1,172,209)**		(1,275,488)
Provisions for liabilities					
Deferred taxation	23		**(86,331)**		(86,331)
Other provision	24		**(30,000)**		(100,000)
Net assets			**783,369**		660,916
Capital and reserves					
Called up share capital	25		**122,857**		113,600
Share premium account	26		**527,143**		316,400
Profit and loss account	26		**133,369**		230,916
			783,369		660,916

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

. . . .

C G B Turner
Director

Date: 5 October 2017
The notes on pages 15 to 32 form part of these financial statements.

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

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 April 2016	**113,600**	**316,400**	**230,916**	**660,916**
Loss for the year	**-**	**-**	**(67,216)**	**(67,216)**
Dividends: Equity capital	**-**	**-**	**(30,331)**	**(30,331)**
Shares issued during the year	**9,257**	**210,743**	**-**	**220,000**
At 31 March 2017	**122,857**	**527,143**	**133,369**	**783,369**

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2016

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 April 2015	**113,600**	**316,400**	**652,460**	**1,082,460**
Loss for the year	**-**	**-**	**(297,235)**	**(297,235)**
Dividends: Equity capital	**-**	**-**	**(124,309)**	**(124,309)**
At 31 March 2016	**113,600**	**316,400**	**230,916**	**660,916**

The notes on pages 15 to 32 form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017

	2017	2016
	£	£
Cash flows from operating activities		
Loss for the financial year	**(67,216)**	(297,235)
Adjustments for:		
Depreciation of tangible assets	**588,362**	466,441
P/L on disposal of fixed assets	**60,628**	1,157
Interest paid	**118,237**	113,861
Interest received	**(30,133)**	(30,226)
Taxation charge	**642**	(87,000)
Decrease in stocks	**-**	5,708
Decrease in debtors	**314,557**	450,887
(Decrease) in creditors	**(340,385)**	(458,643)
(Decrease)/increase in provisions	**(70,000)**	100,000
Income from participating interests	**(30,000)**	(30,000)
Corporation tax (paid)/received	**(642)**	-
Net cash generated from operating activities	**544,050**	234,950
Cash flows from investing activities		
Purchase of intangible fixed assets	**(301,844)**	(300,086)
Sale of intangible assets	**-**	25,842
Purchase of tangible fixed assets	**(199,308)**	(701,617)
Sale of tangible fixed assets	**(3,944)**	-
Sale of investment properties	**-**	555,000
Interest received	**133**	226
HP interest paid	**(33,585)**	(36,016)
Dividends received	**30,000**	30,000
Net cash from investing activities	**(508,548)**	(426,651)

EXECUTIVE SERVICED APARTMENTS LTD

STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

	2017	2016
	£	£
Cash flows from financing activities		
Issue of ordinary shares	**220,000**	-
Repayment of loans	**(21,279)**	(173,091)
Repayment of/new finance leases	**(183,816)**	409,654
Loans due from/(repaid to) directors	**75,000**	-
Dividends paid	**(30,331)**	(124,309)
Interest paid	**(84,652)**	(77,845)
Net cash used in financing activities	**(25,078)**	34,409
Net increase/(decrease) in cash and cash equivalents	**10,424**	(157,292)

Cash and cash equivalents at beginning of year	**234,435**	391,727
Cash and cash equivalents at the end of year	**244,859**	234,435
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**244,859**	234,435

The notes on pages 15 to 32 form part of these financial statements.

1. General information

The Company is a limited liability company incorporated and domiciled in England and Wales with registered number 05106196. The Company's registered office can be found on the Company Information page of these financial statements.
The functional and reporting currency of the Company is Sterling.

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 preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

At the balance sheet date the Company had net assets of £783,369 (2016: £660,916) which includes net current liabilities of £541,591 (2016 £525,629) having made a loss after tax in the year of £67,216 (2016: loss of £297,235). The Company was in breach of its debt covenants during the period; however, the Company's financial performance has significantly improved and the Company became compliant with the debt covenants during the period and was fully compliant at the balance sheet date.
The directors have prepared projections which they consider to be reasonable and achievable which show the Company to be going concern providing the Company complies with its debt covenants throughout the review period. The Company also requires additional funding to continue with its current growth strategy. These projections show the Company to be a going concern and that the Company can meet its liabilities as they fall due.
If the funding is not received the directors will review the growth strategy and adjust the business plan accordingly.

2.3 Revenue

Revenue is derived from the provision of corporate accomodation solutions and 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.
Revenue is recognised when the amount of revenue can be measured reliably and it is probably that the Company will receive the consideration due under the contract.

2. Accounting policies (continued)

2.4 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses
Amortisation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method:
Website development - 5 years
Computer software - 10 years
All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years.

2.5 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.

The estimated useful lives range as follows:

Long-term leasehold property	- over the length of the lease
Motor vehicles	- at varying rates on cost
Fixtures and fittings	- straight line over 5 or 8 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 Comprehensive Income.

Included within tangible fixed assets are costs directly attributable in bringing the fixed assets into use. These costs are depreciation over the life of the asset.

2.6 Joint venture

Investments in joint ventures are measured at cost less impairment.

2.7 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. Accounting policies (continued)

2.8 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.

2.9 Financial instruments

The Company enters into basic financial instruments 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.
Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.
Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.
For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.
Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an 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.

2.10 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.

2.11 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2. Accounting policies (continued)

2.12 Leased assets: the Company as lessee

Assets obtained under hire purchase contract 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 Statement of Comprehensive Income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.13 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income 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.

2.14 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 Comprehensive Income 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.

2.15 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.
Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.
When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2. Accounting policies (continued)

2.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, 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.

2.18 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives.
If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

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

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgments (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Revenue recognition

The key judgment made by management in respect of revenue is the point at which that revenue should be recognised. Management consider the underlying contract terms and conclude upon the most appropriate point of the cycle at which to recognise revenue based upon these terms and in particular where the risks and rewards of ownership transfer.

Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issues such as the remaining life of the asset and projected disposal values.

In addition, the Company incurred significant costs in relation to bringing the tangible fixed assets into use. In determining the amounts to be capitalised, management make assumptions regarding the time spent and the expected period of benefits.

Intangible fixed assets

Development and website costs are capitalised in accordance with the accounting standards and the Company's accounting policy. In determining the amounts to be capitalised, management make assumptions regarding the time spent, expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

Operating lease commitments

The Company has entered into commercial lease contracts and as a lessee it obtains use of property, plant and equipment. The classification of such leases as operating or finance lease requires the Company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

Taxation

The Company establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience with previous tax submissions. Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

Provisions

As part of the identification and measurement of assets and liabilities, the Company has recognised provisions for a number of contractual obligations. In determining the fair value of the provisions, assumptions and estimates are made in relation to the likelihood of the liability being realised.

EXECUTIVE SERVICED APARTMENTS LTD

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

4. Turnover

The whole of the turnover is attributable to the provision of corporate accommodation solutions.

All turnover arose within the United Kingdom.

5. EBITDA

The Company's key financial peformance indicator is earnings before interest, tax, depreciation and amortisation "EBITDA". The directors, therefore, believe it should be included within the notes to the financial statements to fully understand the financial performance of the Company during the year.

	2017 £	2016 £
EBITDA		
Earnings before interest and participating interests	**21,530**	**(300,600)**
Depreciation, amortisation and profit/(loss) on disposal of assets	**648,990**	**466,441**
EBITDA	**670,520**	**165,841**

6. Other operating income

	2017 £	2016 £
Management fee receivable	**148,500**	132,000

7. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2017 £	2016 £
Loss/(profit) on disposal of fixed assets	**53,128**	1,157
Depreciation of tangible fixed assets	**317,102**	230,419
Depreciation of assets on hire purchase contracts	**28,089**	42,805
Amortisation of intangible asset	**243,171**	193,217
Operating lease rentals	**4,135,029**	3,527,414
Defined contribution pension cost	**96,490**	51,626

8. Auditor's remuneration

	2017	2016
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	**10,750**	10,750
Fees payable to the Company's auditor and its associates in respect of:		
Non-audit related services	**3,250**	3,250

9. Employees

Staff costs, including directors' remuneration, were as follows:

	2017	2016
	£	£
Wages and salaries	**2,374,720**	2,233,905
Social security costs	**202,565**	150,561
Cost of defined contribution scheme	**88,846**	51,626
	2,666,131	2,436,092

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

	2017	2016
	No.	No.
Sales, housekeeping and administration	**123**	115

10. Directors' remuneration

	2017	2016
	£	£

Directors' emoluments	**92,333**	53,362
Company contributions to defined contribution pension schemes	**7,644**	8,534
	99,977	61,896

During the year retirement benefits were accruing to 1 director (2016 - 1) in respect of defined contribution pension schemes.

11. Interest payable and similar charges

	2017	2016
	£	£
Bank interest payable	**84,652**	77,845
Finance leases and hire purchase contracts	**33,585**	36,016
	118,237	113,861

12. Taxation

	2017	2016
	£	£
Corporation tax		
Adjustments in respect of previous periods	**642**	-
Total current tax	**642**	-
Deferred tax		
Origination and reversal of timing differences	**-**	(87,000)

	2017	2016
Total deferred tax	**-**	(87,000)
Taxation on profit/(loss) on ordinary activities	**642**	(87,000)

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 20% (2016 - 20%). The differences are explained below:

	2017	2016
	£	£
Loss on ordinary activities before tax	**(66,574)**	(66,574)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%)	**(13,315)**	(47,868)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**3,462**	2,172
Capital allowances for year in excess of depreciation	**2,396**	(9,516)
Non-taxable income	**(6,000)**	(6,000)
Other differences leading to an increase (decrease) in the tax charge	**14,099**	(25,788)
Total tax charge for the year	**642**	(87,000)

12. Taxation (continued)

Factors that may affect future tax charges

For the year ended 31 March 2018 the UK corporation tax rate will fall to 19% and for the year ended 31 March 2021 to 17%.

13. Dividends

	2017	2016
	£	£
A Ordinary - interim	**11,331**	66,750
B Ordinary - interim	**19,000**	57,559
	30,331	124,309

14. Intangible assets

	Website development	**Computer software**	**Total**
	£	**£**	**£**
Cost			
At 1 April 2016	**857,060**	**498,614**	**1,355,674**
Additions	**208,815**	**93,029**	**301,844**
At 31 March 2017	**1,065,875**	**591,643**	**1,657,518**
Amortisation			
At 1 April 2016	**348,513**	**120,511**	**469,024**
Charge for the year	**186,830**	**56,341**	**243,171**
At 31 March 2017	**535,343**	**176,852**	**712,195**
Net book value			
At 31 March 2017	**530,532**	**414,791**	**945,323**
At 31 March 2016	508,547	378,103	886,650

15. Tangible fixed assets

	Improvements to property	Motor vehicles	Fixtures and fittings	Total
	£	£	£	£
Cost or valuation				
At 1 April 2016	**196,288**	**217,349**	**2,202,952**	**2,616,589**
Additions	**-**	**16,020**	**264,233**	**280,253**
Disposals	**-**	**(14,900)**	**(75,888)**	**(90,788)**
At 31 March 2017	**196,288**	**218,469**	**2,391,297**	**2,806,054**
Depreciation				
At 1 April 2016	**19,037**	**57,395**	**778,943**	**855,375**
Charge for the year on owned assets	**19,629**	**17,183**	**280,290**	**317,102**
Disposals	**-**	**(12,004)**	**(22,100)**	**(34,104)**
At 31 March 2017	**38,666**	**62,574**	**1,037,133**	**1,138,373**
Net book value				
At 31 March 2017	**157,622**	**155,895**	**1,354,164**	**1,667,681**
At 31 March 2016	177,251	159,954	1,424,009	1,761,214

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2017	2016
	£	£
Improvements to property	**136,571**	157,324
Motor vehicles	**118,581**	138,341
Furniture, fittings and equipment	**413,447**	437,195
Software costs	**46,171**	66,424
	714,770	799,284

16. Fixed asset investments

	Interest in joint venture
	£
Cost or valuation	
At 1 April 2016	**500**
At 31 March 2017	**500**
At 31 March 2016	500

Joint venture

The Company's investments at the balance sheet date in the share capital of companies include the following:

Name	Class of shares	Holding	Principal activity
House of Fisher ESA Limited	B Ordinary	50 %	Letting of serviced apartments

The aggregate of the share capital and reserves as at 31 March 2017 and of the profit or loss for the year ended on that date for the joint venture was as follows:

	Aggregate of share capital and reserves	Profit/(loss)
	£	£
House of Fisher ESA Limited	**7,790**	**17,837**

EXECUTIVE SERVICED APARTMENTS LTD

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

17. Debtors

	2017	2016
	£	£
Due after more than one year		
Other debtors	**191,365**	173,070

	2017	2016
	£	£
Due within one year		
Trade debtors	**794,591**	1,141,460
Other debtors	**99,677**	83,078

Tax	**-**	2,188
Prepayments and accrued income	**212,844**	211,325
	1,107,112	1,438,051

18. Cash and cash equivalents

	2017	2016
	£	£
Cash at bank and in hand	**244,859**	234,435

19. Creditors: Amounts falling due within one year

	2017 £	2016 £
Bank loans	**132,657**	132,857
Trade creditors	**551,501**	893,114
Other taxation and social security	**350,383**	194,602
Obligations under finance lease and hire purchase contracts	**193,767**	214,438
Other creditors	**247,500**	230,960
Accruals and deferred income	**609,119**	705,212
	2,084,927	2,371,183

Secured loans

Bank loans due within one year of £132,657 (2016: £132,857) are secured by fixed and floating charges over the assets of the Company.
Amounts due under hire purchase contracts of £193,767 (2016: £214,438) are secured against the assets to which they relate.
During the year ended 31 March 2017, the Company breached its loan covenants. However, the bank waived its rights in respect of the breaches.

20. Creditors: Amounts falling due after more than one year

	2017 £	2016 £
Bank loans	**848,365**	869,444
Hire purchase contracts	**323,844**	406,044
	1,172,209	1,275,488

Secured loans

Bank loans due after more than one year of £848,365 (2016: £869,444) are secured by fixed and floating charges over the assets of the Company.
Amounts due under hire purchase contracts of £323,844 (2016: £406,044) are secured against the assets to which they relate.

21. Loans

Analysis of the maturity of loans is given below:

	2017 £	2016 £
Amounts falling due within one year		
Bank loans	**132,657**	132,857
Amounts falling due 2-5 years		
Bank loans	**848,365**	869,444
	981,022	1,002,301

Security

Bank loans are secured by fixed and floating charges over the assets of the Company.
Amounts due under hire purchase contracts are secured against the assets to which they relate.

22. Financial instruments

	2017	2016

	£	£
Financial assets		
Financial assets measured at amortised cost	**1,285,801**	1,646,234
Financial liabilities		
Financial liabilities measured at amortised cost	**(2,992,389)**	(3,381,971)

Financial assets measured at amortised cost comprise cash and cash equivalents, trade and other debtors and accrued income.

Financial liabilities measured at amortised cost comprise bank loans and overdrafts, hire purchase liabilities, trade and other creditors and accruals.

23. Deferred taxation

	2017 £	2016 £
At beginning of year	**(86,332)**	(173,331)
Charged to profit or loss	**-**	87,000
At end of year	**(86,332)**	(86,331)

23. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	2017	2016
	£	£
Accelerated capital allowances	**(191,201)**	(239,167)
Tax losses carried forward	**104,869**	152,836
	(86,332)	(86,331)

24. Provisions

	Other provision
	£
At 1 April 2016	**100,000**
Charged to profit or loss	**(70,000)**
At 31 March 2017	**30,000**

There is uncertainty regarding the exact cost of a number of contractual obligations and, therefore, the directors have included their best estimate in the financial statements in accordance with FRS 102. The costs are expected to be settled before 31 March 2018.

25. Share capital

	2017	2016
	£	£
Shares classified as equity		
Allotted, called up and fully paid		
10,426,025 (2016 - 9,795,400) A Ordinary shares of £0.01 each	**104,260**	97,954
907,643 (2016 - 837,600) B Ordinary shares of £0.01 each	**9,076**	8,376
581,112 (2016 - 484,700) C Ordinary shares of £0.01 each	**5,811**	4,847
181,097 (2016 - 73,500) D Ordinary shares of £0.01 each	**1,811**	735
189,851 (2016 - 168,800) E Ordinary shares of £0.01 each	**1,899**	1,688
	122,857	113,600

During the year ended 31 March 2017, 794,081 ordinary shares were issued for a total consideration of £220,000.

26. Reserves

Share premium account

Share premium account represents the amount above the nominal value received for shares sold, less transaction costs.

Profit and loss account

Profit and loss account represents cumulative profits attributable for distribution.

27. Capital commitments

At 31 March 2017 the Company had capital commitments as follows:

	2017	2016
	£	£
Contracted for but not provided in these financial statements	**-**	28,128

28. Pension commitments

The Company operates defined contribution pension schemes. The assets of the schemes are held separately from those of the Company in independently administered funds. The pension cost charge represents contributions payable by the Company to the funds and amounted to £96,490 (2016: £79,509) during the period. No contributions were outstanding at 31 March 2016 or 2017.

29. Commitments under operating leases

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

	2017	2016
	£	£
Land and buildings		
Within 1 year	**1,779,714**	1,876,266
Between 1 and 5 years	**207,045**	641,997
	1,986,759	2,518,263
Other operating leases		
Within 1 year	**7,839**	7,839
Between 1 and 5 years	**5,493**	13,332
	13,332	21,171

30. Related party transactions

During the year, total dividends of £22,331 (2016: £124,309) were paid to the two full time directors, and £8,000 was paid to a non-executive director (2016: £nil).
At the balance sheet date the Company owed Redbrick Property Investment Limited, a company controlled by the director, C G B Turner, £11,087 (2016: £11,087).
During the year the Company provided goods and services to its joint venture House of Fisher ESA Limited amounting to £168,723 (2016: £24,098). The Company also received management charges and dividends totalling £148,500 and £30,000 respectively (2016: £132,000 and £30,000 respectively).
During the year the Company purchased goods and services totalling £128,490 (2016: £166,752) and made sales of £28,414 (2016: £23,133) to Inspiration Ink Limited and its subsidiary TTDI Limited, companies controlled by the Director C R Turberville-Tully.
At the balance sheet date the Company owed Inspiration Ink Limited and TTDI Limited in total £31,164 (2016: £43,507). The Company was also owed £24,349 (2016: £Nil) by Inspiration Ink.
These transactions are believed to be at commercial rates.
During the year the company received a loan of £40,000 (2016: £Nil) from C G B Turner. At the balance sheet date £40,000 (2016: £Nil) was was outstanding in respect of this loan. The loan is non-interest bearing and repayable on demand.
During the year the company received a loan of £85,000 (2016: £Nil) from J H Logan. At the balance sheet date £35,000 (2016: £Nil) was was outstanding in respect of this loan. The loan is non-interest bearing and repayable on demand.

During the year, on properties let by the Company the following rentals were due to directors:

	2017	2016
	£	£
C G B Turner	**12,420**	**33,996**
J H Logan	**14,928**	**23,042**
P Wilson	**48,684**	**42,625**
C C Minhinnett	**31,895**	**51,298**

31. Controlling party

The controlling party is C G B Turner.