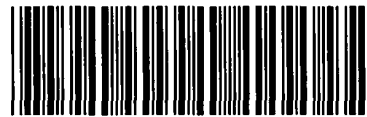


WARM WELCOME MANAGEMENT LIMITED

**ANNUAL REPORT
YEAR ENDED 30 APRIL 2017**

Company Registration Number 1913114

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WARM WELCOME MANAGEMENT LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2017

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WARM WELCOME MANAGEMENT LIMITED

COMPANY INFORMATION

The board of directors

Mr P G Davies
Mr P B M Cliff

Company secretary

S L Secretaries Limited

Registered Office

Woodlands
Seaway Lane
Torquay
TQ2 6PW

Auditor

PKF Francis Clark
Statutory Auditor
Sigma House
Oak View Close
Edginswell Park
Torquay
TQ2 7FF

Bankers

Lloyds TSB Bank Plc
51-52 Fleet Street
Torquay
Devon
TQ2 5DW

WARM WELCOME MANAGEMENT LIMITED

STRATEGIC REPORT

YEAR ENDED 30 APRIL 2017

The directors present their strategic report for the year ended 30 April 2017.

Business review

The Strategic report is designed to replace and enhance reporting previously included in the Business review section of the Directors' report. Its purpose is to inform shareholders and help them assess how the Directors have performed their duty to promote the success of the Company during the year under review. There have also been consequential changes to the contents of the remainder of the report.

Fair review of the business

In the year to 30 April 2017, the group experienced good growth in income whilst maintaining margins and as a result returned to profitability.

The group continues to invest in its business, both in staff and equipment. The directors believe this will enhance the performance of its operations.

Given the straight forward nature of the business, the directors are of the opinion that analysis of key performance indicators is not necessary for an understanding of the business.

Principal risks and uncertainties

In relation to the group's most significant activity, hotel accommodation, the tourist industry is constantly evolving and the major threats are from changing visitor requirements and the growth of new destinations, particularly overseas.

The group's strategy to combat these threats is to continue to develop the quality and range of its facilities and to cater for a wide range of different markets.

Approved by the Board on 9/10/2017 and signed on its behalf by:


S L Secretaries Ltd
Company Secretary

For and on behalf of
SL SECRETARIES LIMITED

For and on behalf of
SL SECRETARIES LIMITED

WARM WELCOME MANAGEMENT LIMITED

DIRECTORS' REPORT

YEAR ENDED 30 APRIL 2017

The directors present their report and the consolidated financial statements for the year ended 30 April 2017.

A number of disclosures previously incorporated in the Directors' Report are now included in the Strategic Report. These include the Business Review and the Principal Risks and Uncertainties.

Dividends

Interim dividends of £60,000 were paid during the year. The directors recommend that no final dividend be paid.

Directors of the company

The directors who held office during the year were as follows:

Mr P G Davies
Mr P B M Cliff

Principal activity

The principal activity of the group is providers of hotel accommodation, publishing services and brewing.

Financial instruments

Objectives and policies

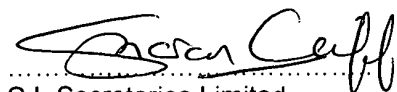
The group's principal financial instruments comprise bank balances, bank loans and working capital. These are managed to ensure sufficient funds are available for the group's operations.

Disclosure of information to the auditor

Each of the persons who is a director at the date of approval of this report confirm that:

- so far as each director is aware, there is no relevant audit information of which the group's auditors is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the group's auditor is aware of that information.

Approved by the Board on 9/10/2017 and signed on its behalf by:



S L Secretaries Limited
Company Secretary

For and on behalf of
S L SECRETARIES LIMITED

WARM WELCOME MANAGEMENT LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

YEAR ENDED 30 APRIL 2017

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that year.

In preparing those financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

WARM WELCOME MANAGEMENT LIMITED
02/04/2017 15:02:12

WARM WELCOME MANAGEMENT LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WARM WELCOME MANAGEMENT LIMITED

YEAR ENDED 30 APRIL 2017

We have audited the group and parent company financial statements ("the financial statements") of Warm Welcome Management Limited for the year ended 30 April 2017 which comprise the Group Profit and Loss Account, Group Statement of Comprehensive Income, Group Balance Sheet and Company Balance Sheet, Group Statement of Changes in Equity and Company Statement of Changes in Equity, Group Cash Flow Statement and the related notes. 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), including FRS102 "The Financial Reporting Standard 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 Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 30 April 2017 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

- 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; and
- the Strategic Report and Director's Report 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 our audit, we have not identified material misstatements in the Strategic Report or Director's Report.

WARM WELCOME MANAGEMENT LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WARM WELCOME MANAGEMENT LIMITED *(continued)*

YEAR ENDED 30 APRIL 2017

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



MARTIN HOBBS (Senior Statutory Auditor)
PKF FRANCIS CLARK
Statutory Auditor
Sigma House
Oak View Close
Edginswell Park
Torquay
TQ2 7FF

26 Oct 2017

WARM WELCOME MANAGEMENT LIMITED

GROUP PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 APRIL 2017

	Note	2017 Total £	2016 Total £
Turnover	3	6,990,686	6,530,125
Cost of sales		(2,892,637)	(2,714,323)
Gross profit		4,098,049	3,815,802
Administrative expenses		(3,987,601)	(3,846,707)
Other operating income	4	35,356	28,600
Operating (loss)/profit	5	145,804	(2,305)
Profit on disposal of fixed asset investment		20,225	-
Loss on revaluation of investments		(5,918)	-
Income from other fixed asset investments		1,270	720
Amounts written off investments		(1,005)	(2,158)
Other interest receivable and similar income	9	160	623
Interest payable and similar charges	10	(35,604)	(35,764)
Profit/(loss) on ordinary activities before tax		124,932	(38,884)
Taxation	11	(37,830)	6,135
Profit/(loss) for the financial year		87,102	(32,749)
		2017 Total £	2016 Total £
Profit/(loss) for the financial year attributable to:			
Non-controlling interest		-	-
Owners of the parent company		87,102	(32,749)
		87,102	(32,749)

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 14 to 30 form part of these financial statements.

WARM WELCOME MANAGEMENT LIMITED
GROUP STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 30 APRIL 2017

	2017 £	2016 £
Profit/(loss) for the financial year	87,102	(32,749)
Surplus on property, plant and equipment revaluations (including tax adjustment)	17,000	4,000
Total comprehensive income for the year	<u>104,102</u>	<u>(28,749)</u>
 Total comprehensive income for the year attributable to:		
Non-controlling interest	-	-
Owners of the parent company	104,102	(28,749)
	<u>104,102</u>	<u>(28,749)</u>

The notes on pages 14 to 30 form part of these financial statements.

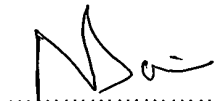
WARM WELCOME MANAGEMENT LIMITED

GROUP BALANCE SHEET

30 APRIL 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	13	234,185	276,783
Tangible assets	14	5,816,592	5,724,647
Investment property	15	250,000	250,000
Other investments	16	50,692	32,113
		<u>6,351,469</u>	<u>6,283,543</u>
Current assets			
Stocks and work in progress	17	216,201	188,837
Debtors	18	582,947	577,714
Investments	19	-	1,005
Cash at bank and in hand		161,337	125,622
		<u>960,485</u>	<u>893,178</u>
Creditors: Amounts falling due within one year	20	<u>(1,357,900)</u>	<u>(1,324,778)</u>
Net current liabilities		<u>(397,415)</u>	<u>(431,600)</u>
Total assets less current liabilities		<u>5,954,054</u>	<u>5,851,943</u>
Creditors: Amounts falling due after more than one year	21	<u>(1,195,621)</u>	<u>(1,162,425)</u>
Provisions for liabilities			
Deferred taxation	24	<u>(250,962)</u>	<u>(247,575)</u>
		<u>4,507,471</u>	<u>4,441,943</u>
Capital and reserves			
Called-up equity share capital	27	107	107
Share premium account	29	121,873	121,873
Revaluation reserve	29	1,811,076	1,830,798
Profit and loss account	29	2,574,415	2,489,165
Shareholders' funds		<u>4,507,471</u>	<u>4,441,943</u>

Approved and authorised for issue by the Board on 9 October 2017 and are signed on their behalf by:



Mr P G Davies
Director

The notes on pages 14 to 30 form part of these financial statements.

WARM WELCOME MANAGEMENT LIMITED

COMPANY BALANCE SHEET

30 APRIL 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	14	2,712	3,191
Investment property	15	250,000	250,000
Investments	16	3,414,027	3,399,737
		<u>3,666,739</u>	<u>3,652,928</u>
Current assets			
Stocks	17	78,017	78,017
Debtors	18	14,839	55,420
Investments	19	-	1,005
Cash at bank		1	35,368
		<u>92,857</u>	<u>169,810</u>
Creditors: Amounts falling due within one year	20	(196,636)	(272,602)
Net current liabilities		<u>(103,779)</u>	<u>(102,792)</u>
Total assets less current liabilities		<u>3,562,960</u>	<u>3,550,136</u>
Creditors: Amounts falling due after more than one year	21	(469,867)	(516,886)
Provisions for liabilities			
Deferred taxation	24	(20,462)	(20,575)
		<u>3,072,631</u>	<u>3,012,675</u>
Capital and reserves			
Called-up equity share capital	27	107	107
Share premium account	29	121,873	121,873
Profit and loss account	29	2,950,651	2,890,695
Shareholders' funds		<u>3,072,631</u>	<u>3,012,675</u>

Approved and authorised for issue by the Board on 9 October 2017 and are signed on their behalf by:



Mr P G Davies
Director

Company Registration Number: 1913114

The notes on pages 14 to 30 form part of these financial statements.

WARM WELCOME MANAGEMENT LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 30 APRIL 2017

	Share Capital £	Share Premium £	Revaluation reserve £	Profit and loss account £	Total £
At 1 May 2016	107	121,873	1,830,798	2,489,165	4,441,943
FRS 102 adjustments	-	-	-	21,426	21,426
Profit for the year	-	-	-	87,102	87,102
Other comprehensive income	-	-	17,000	-	17,000
Total comprehensive income	-	-	17,000	87,102	104,102
Dividends	-	-	-	(60,000)	(60,000)
Transfers	-	-	(36,722)	36,722	-
At 30 April 2017	107	121,873	1,811,076	2,574,415	4,507,471

	Share Capital £	Share Premium £	Revaluation reserve £	Profit and loss account £	Total £
At 1 May 2015	107	121,873	1,863,518	2,498,959	4,484,457
Profit for the year	-	-	-	(32,749)	(32,749)
Other comprehensive income	-	-	4,000	-	4,000
Total comprehensive income	-	-	4,000	(32,749)	(28,750)
Dividends	-	-	-	(13,765)	(13,765)
Transfers	-	-	(36,720)	36,720	-
At 30 April 2016	107	121,873	1,830,798	2,489,165	4,441,943

The notes on pages 14 to 30 form part of these financial statements.

WARM WELCOME MANAGEMENT LIMITED

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 30 APRIL 2017

	Share Capital £	Share Premium £	Profit and loss account £	Total £
At 1 May 2016	107	121,873	2,890,695	3,012,675
Profit for the year	-	-	119,956	119,956
Total comprehensive income	-	-	119,956	119,956
Dividends	-	-	(60,000)	(60,000)
At 30 April 2017	107	121,873	2,950,651	3,072,631

	Share Capital £	Share Premium £	Profit and loss account £	Total £
At 1 May 2015	107	121,873	2,808,477	2,930,457
Profit for the year	-	-	95,983	95,983
Total comprehensive income	-	-	95,983	95,983
Dividends	-	-	(13,765)	(13,765)
At 30 April 2016	107	121,873	2,890,695	3,012,675

The notes on pages 14 to 30 form part of these financial statements.

WARM WELCOME MANAGEMENT LIMITED

GROUP CASH FLOW STATEMENT

YEAR ENDED 30 APRIL 2017

	2017 £	2016 £
Cash flows from operating activities		
Profit/(loss) for the financial year	87,102	(32,749)
Adjustments for:		
Amortisation of intangible fixed assets	42,598	42,598
Depreciation of tangible fixed assets	248,124	269,442
Financial instrument net gains/(losses) through profit and loss	5,918	-
(Profit)/loss from disposal of investments	(20,225)	-
Impairment of current asset investment	-	2,158
Finance costs	36,609	35,764
Finance income	(1,430)	(1,343)
Corporation tax	37,830	(6,135)
	<u>436,526</u>	<u>309,735</u>
Working capital adjustments		
(Increase)/decrease in stocks	(27,364)	(30,620)
(Increase)/decrease in debtors	(5,233)	71,579
(Decrease)/increase in creditors	82,661	(166,825)
Increase/(decrease) in deferred income, including government grants	37,088	-
	<u>523,678</u>	<u>183,869</u>
Cash generated from operations		
Corporation tax paid	(10,042)	(13,721)
	<u>513,636</u>	<u>170,148</u>
Net cash flow from operating activities		
Cash flows from investing activities		
Interest received	1,430	1,343
Acquisition of intangible fixed assets	-	(1,900)
Acquisition of tangible fixed assets	(279,070)	(186,576)
Acquisition of investments in subsidiary undertakings	(375,000)	(125,000)
Proceeds from disposal of investments	20,250	-
	<u>(632,390)</u>	<u>(312,133)</u>
Net cash used in/(generated from) investing activities		
Cash flows from financing activities		
Repayment of borrowings	(200,616)	(111,800)
Capital repayments under hire purchase agreements	(75,448)	(93,455)
Dividends paid	(60,000)	(13,765)
Interest paid	(35,604)	(35,764)
Proceeds from bank borrowing draw downs	522,500	-
	<u>150,832</u>	<u>(254,784)</u>
Net cash used in financing activities		
Net (decrease)/increase in cash and cash equivalents	32,078	(396,769)
Cash and cash equivalents at the beginning of the year	125,622	522,391
	<u>157,700</u>	<u>125,622</u>
Cash and cash equivalents at the end of the year		
Cash at bank and in hand	161,337	125,622
Bank overdrafts	(3,637)	-
	<u>157,700</u>	<u>125,622</u>
Cash and cash equivalents		

The notes on pages 14 to 30 form part of these financial statements.

WARM WELCOME MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2017

1. General Information

The company is a private company limited by share capital incorporated in England and Wales. The address of the registered office is given on page 1.

2. Accounting policies

Change of basis of accounting and basis statement of compliance

The company's financial statements have been prepared in accordance with FRS102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Warm Welcome Management Limited has taken advantage of the exemption not to prepare a cash flow statement for the parent company entity.

~~There are no material departures from FRS 102 except as stated below in "Departures from the Companies Act and FRS 102 requirements".~~

The financial statements have been prepared under the historical cost convention, modified to include investments and investment property at fair value and as stated below in tangible fixed assets.

The functional and presentational currency of the company is sterling.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings, together with the group's share of the net assets and results of associated undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over ten years from the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. 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.

Departures from the Companies Act and FRS 102 requirements

The Companies Act and FRS 102 method of acquisition accounting is to treat as goodwill, or negative goodwill, the whole of the difference between, on the one hand, the fair value at the date an undertaking becomes a subsidiary undertaking of the group's share of its identifiable assets and liabilities and, on the other hand, the total acquisition cost of the interests held by the group in that subsidiary undertaking. This applies even where part of the acquisition cost arises from purchases of interests at earlier dates. In the generality of cases this method provides a practical means of applying acquisition accounting because it does not require retrospective assessments of the fair values of the identifiable assets and liabilities of the acquired undertaking. In special circumstances, however, not using fair values at the dates of earlier purchases while using an acquisition cost part of which relates to earlier purchases, may result in accounting that is inconsistent with the way the investment has been treated previously and, for that reason, may fail to give a true and fair view.

The acquisition of Dartmoor Brewery Limited in 2014 was one of these cases where applying the Companies Act and FRS102 method would not give a true and fair view and the directors have used the method under paragraphs A4.18 – A4.21 of FRS 102 such that goodwill arising on each purchase has been calculated as the difference between the cost of that purchase and the fair value at the date of that purchase of the identifiable assets and liabilities attributable to the interest purchased. The difference between the goodwill calculated on this method and that calculated on the method provided by the Act of £362,234 is shown in reserves.

WARM WELCOME MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2017

2. Accounting policies *(continued)*

Turnover

Turnover represents the fair value of consideration receivable, excluding Value Added Tax, in the ordinary course of business for goods and services provided. Accommodation sales, including deposits in advance, are recognised as turnover on the day of stay. Wholesale beer sales are recognised when the goods are dispatched.

Goodwill

Positive purchased goodwill arising on acquisitions is capitalised, classified as an asset on the Balance Sheet and amortised over its estimated useful life. 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.

Negative goodwill arising on acquisition is held on the Balance Sheet during the year in which it arises and written back in the Profit and Loss Account in the subsequent accounting period.

Amortisation

Amortisation 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:

Goodwill	- 10% per annum on a straight line basis
Titles & Archives	- in full in the year of acquisition
Trademarks	- 20% or 25% per annum on a straight line basis

Fixed assets

All fixed assets are initially recorded at cost, except for certain freehold and leasehold properties (other than investment properties) acquired before 2016. Up to and including 30 April 2015 it was the Directors' policy to revalue freehold and leasehold properties (other than investment properties) at their existing use valuation. The Directors adopted the transitional provisions of FRS 102, which provide that companies and groups do not have to revalue tangible fixed assets. Previous valuations have been retained as deemed cost and have not been updated.

Depreciation

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

Freehold – Brewery Complex	- 2% per annum on a straight line basis
Leasehold Property	- over the term of the lease
Plant & Machinery	- 10% per annum on a straight line basis and 15% per annum on a reducing balance basis
Fixtures & Fittings	- 15% to 25% per annum on a reducing balance basis
Motor Vehicles	- 25% per annum on a reducing balance basis
Equipment	- over 3 to 4 years and 25% per annum on a reducing balance basis
Casks	- 10% per annum on a straight line basis

No depreciation is provided on freehold land and buildings (except the Brewery Complex). See "critical estimates" below for further details.

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

WARM WELCOME MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2017

2. Accounting policies (continued)

Investment properties

Investment properties for which fair value can be measured reliably without undue cost or effort on an ongoing basis are measured at fair value annually with any change recognised in the profit and loss account.

Stocks

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

Work in progress

~~Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.~~

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets and depreciated over the shorter of the lease term and their useful lives. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Operating lease agreements

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

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Deferred taxation

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date.

Financial instruments

Financial instruments are recognised when the group becomes party to the contractual provisions of the instrument and derecognised when in the case of assets, the contractual rights to cash flows from the assets expire or substantially all the risks and rewards of ownership are transferred to another party, or in the case of liabilities, when the group's obligations are discharged, expire or are cancelled.

WARM WELCOME MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2017

2. Accounting policies *(continued)*

The group and company hold the following financial instruments:

- Investments in subsidiaries;
- Long and short term listed investments;
- Short term trade debtors and creditors;
- Intra group debtors and creditors;
- Directors loan accounts;
- Bank loans; and
- Cash and bank balances.

All financial instruments are classified as basic.

Basic financial assets and liabilities

Basic financial assets comprise investments in subsidiaries, intra group debtors, short term trade and other debtors and cash and bank balances. Basic financial liabilities comprise intra group creditors, short term trade and other creditors and bank loans.

Except for investments in subsidiaries, long and short term listed investments, long term intra group debtors and bank loans, such instruments are initially measured at transaction price, including transaction costs, and are subsequently carried at the undiscounted amount of the cash or other consideration expected to be paid or received, after taking account of impairment adjustments.

Long term intra group debtors and bank loans are initially measured at transaction price, including transaction costs, and are subsequently carried at amortised cost using the effective interest method.

In the company balance sheet, investments in subsidiaries are measured at cost less impairment.

Long and short term listed investments are initially measured at transaction price, including transaction costs, and are subsequently carried at fair value.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements

- Key management personnel comprises the directors.

Critical estimates

- No depreciation is provided on freehold land and buildings (except the Brewery Complex) as the directors consider that the residual value of these properties is such that depreciation would be immaterial. The company has a policy and practice of regular maintenance and repair (charges for which are recognised in the profit and loss account) such that these assets are kept to their previously assessed standard of performance.

WARM WELCOME MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2017

3. Turnover

An analysis of turnover by geographical location is given below:

	2017 £	2016 £
United Kingdom	<u>6,990,686</u>	<u>6,530,125</u>

The analysis of the company's turnover for the year is as follows:

	2017 £	2016 £
Sale of goods	5,257,938	4,904,881
Rendering of services	1,356,466	1,283,237
Publishing	302,535	275,840
Other	73,747	66,167
	<u>6,990,686</u>	<u>6,530,125</u>

4. Other operating income

	2017 £	2016 £
Rent receivable	31,600	28,600
Other income	3,756	-
Operating lease costs	<u>35,356</u>	<u>28,600</u>

5. Operating profit

Operating profit is stated after charging:

	2017 £	2016 £
Amortisation of intangible assets	42,598	42,598
Depreciation of fixed assets	248,124	269,442
Operating lease costs	<u>32,729</u>	<u>18,745</u>

WARM WELCOME MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2017

6. Auditor's remuneration

	2017	2016
	£	£
Audit of the financial statements	<u>18,330</u>	<u>15,430</u>

£3,350 (2016 - £3,350) of the fee for auditing the financial statements relates to the company.

7. Particulars of employees

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

	2017	2016
	No	No
Number of production staff	127	126
Number of administrative staff	5	4
Number of other staff	10	9
	<u>142</u>	<u>139</u>

The aggregate payroll costs of the above were:

	2017	2016
	£	£
Wages and salaries	2,045,711	1,963,973
Social security costs	135,055	130,129
Pension costs, defined contribution scheme	14,036	7,423
	<u>2,194,802</u>	<u>2,101,525</u>

8. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were:

	2017	2016
	£	£
Remuneration receivable	<u>45,000</u>	<u>38,125</u>

WARM WELCOME MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2017

9. Other interest receivable and similar income

	2017	2016
	£	£
Bank interest receivable	-	501
Other interest receivable	160	122
Group interest receivable	<u>160</u>	<u>623</u>

10. Interest payable and similar charges

	2017	2016
	£	£
Interest payable on bank borrowing	20,865	11,594
Finance charges	7,124	8,502
Other similar charges payable	7,615	15,668
Group interest payable and similar charges	<u>35,604</u>	<u>35,764</u>

11. Taxation on ordinary activities

(a) Analysis of charge in the year

	2017	2016
	£	£
Current tax:		
In respect of the year:		
UK Corporation tax	20,541	10,042
Total current tax	20,541	10,042
Deferred tax:		
Origination and reversal of timing differences	17,289	(16,177)
Tax on profit on ordinary activities	<u>37,830</u>	<u>(6,135)</u>

WARM WELCOME MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2017

11. Taxation on ordinary activities (continued)

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher (2016 – higher) than the standard rate of corporation tax in the UK of 20% (2016 - 20%).

	2017 £	2016 £
(Loss)/profit on ordinary activities before taxation	<u>124,932</u>	<u>(38,884)</u>
(Loss)/profit on ordinary activities by rate of tax	24,884	(7,778)
Revenues exempt from taxation	(4,028)	-
Fixed asset differences – ineligible depreciation	22,481	22,365
Tax increase from effect of capital allowances and depreciation	(4,204)	-
Expenses not deductible for tax purposes	1,664	743
Deferred tax expense (credit) relating to changes in tax rates or laws	-	(15,679)
Losses brought forward	(2,967)	-
Sundry tax adjusting items	-	(5,786)
Total tax (note 11 (a))	<u>37,830</u>	<u>(6,135)</u>

Tax relating to items recognised in other comprehensive income or equity:

	2017 £	2016 £
Deferred tax relating to items recognised as items of other comprehensive income	<u>(17,000)</u>	<u>(4,000)</u>

12. Profit attributable to members of the parent company

The profit dealt with in the financial statements of the parent company was £119,956 (2016 - £95,983).

13. Intangible fixed assets

Group	Goodwill £	Titles and Archives £	Trademarks £	Total £
Cost				
At 1 May 2016	367,607	6,050	17,503	391,160
Additions	-	-	-	-
At 30 April 2017	<u>367,607</u>	<u>6,050</u>	<u>17,503</u>	<u>391,160</u>
Amortisation				
At 1 May 2016	100,050	6,050	8,277	114,377
Charge for the year	38,222	-	4,376	42,598
At 30 April 2017	<u>138,272</u>	<u>6,050</u>	<u>12,653</u>	<u>156,975</u>
Net book value				
At 30 April 2017	<u>229,335</u>	<u>-</u>	<u>4,850</u>	<u>234,185</u>
At 30 April 2016	<u>267,557</u>	<u>-</u>	<u>9,226</u>	<u>276,783</u>

Goodwill comprises both positive and negative values.

Negative goodwill with a cost of £(14,616) has been fully written down.

WARM WELCOME MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2017

14. Tangible fixed assets

Group	Freehold land and buildings £	Long leasehold land and buildings £	Other tangibles £	Total £
Cost or valuation				
At 1 May 2016	2,885,160	2,120,332	2,691,885	7,697,377
Additions	118,366	2,770	218,933	340,069
At 30 April 2017	<u>3,003,526</u>	<u>2,123,102</u>	<u>2,910,818</u>	<u>8,037,446</u>
Depreciation				
At 1 May 2016	35,712	168,401	1,768,617	1,972,730
Charge for the year	17,965	57,012	173,147	248,124
At 30 April 2017	<u>53,677</u>	<u>225,413</u>	<u>1,941,764</u>	<u>2,220,854</u>
Net book value				
At 30 April 2017	<u>2,949,849</u>	<u>1,897,687</u>	<u>969,056</u>	<u>5,816,592</u>
At 30 April 2016	<u>2,849,448</u>	<u>1,951,931</u>	<u>923,268</u>	<u>5,724,647</u>

Hire purchase agreements

Included within the net book value of tangible fixed assets is £148,761 (2016 - £250,137) relating to assets held under hire purchase agreements.

Revaluations

The group's freehold and long leasehold hotels were revalued on an open market, existing use basis on 30 April 2013 by independent valuers.

The other trading freehold property of the group (excluding the Brewery Complex) was revalued on an open market, existing use basis on 27 June 2012 by independent valuers.

The group has decided to take advantage of the transitional provisions of FRS 102 to treat these valuations as deemed cost.

WARM WELCOME MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2017

14. Tangible fixed assets (continued)

In respect of certain fixed assets stated at valuations, the comparable historical cost values are as follows:

	Freehold property £	Leasehold property £	Total £
Net historical cost value:			
At 30 April 2017	1,383,770	812,074	2,195,844
At 1 May 2016	1,372,785	829,595	2,202,380
Company		Fixtures & fittings £	Total £
Cost or valuation			
At 1 May 2016		28,930	28,930
At 30 April 2017		28,930	28,930
Depreciation			
At 1 May 2016		25,739	25,739
Charge for the year		479	479
At 30 April 2017		26,212	2,712
Net book value			
At 30 April 2017		2,712	2,712
At 30 April 2016		3,191	3,191

15. Investment Properties

Group and Company	2017 £
At 1 May 2016 and 30 April 2017	250,000

The investment property was revalued on 30 April 2017 by the directors. The basis of this valuation was open market value. The asset has a current value of £250,000 (2016: £250,000) and a carrying amount at historic cost of £102,397 (2016: £102,397). The depreciation on this historical cost is £31,900 (2016: £31,900).

There has been no valuation of investment property by an independent valuer.

WARM WELCOME MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2017

16. Investments

Group	Participating interests £	Listed investments £	Total £
Shares			
Cost and valuations			
At 1 May 2016	25	50,962	50,717
Disposals	(25)	-	(25)
Net book value			
At 30 April 2017	-	50,692	50,692
At 30 April 2016	25	32,088	32,113

Company	Subsidiary undertakings £	Participating interests £	Total £
Shares			
Cost			
At 1 May 2016	828,402	25	828,427
Disposals	-	(25)	-
At 30 April 2017	828,402	-	828,402
Loans			
At 1 May 2016	2,571,310	-	2,571,310
Advanced in year	990,680	-	990,680
Repaid in year	(1,024,490)	-	(1,024,490)
Interest payable	62,564	-	62,564
Group tax relief	(14,439)	-	(14,439)
At 30 April 2017	2,585,625	-	2,585,625
Net book value			
At 30 April 2017	3,414,027	-	3,414,027
At 30 April 2016	3,399,712	25	3,399,737

WARM WELCOME MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2017

16. Investments (continued)

Subsidiary Companies (all incorporated in England and Wales)

The company owns:

Warm Welcome Hotels (Southern) Limited	100%	Operates the Bedford and Two Bridges Hotels
Dartmoor Brewery Limited	100%	Brewing ale of quality and distinction
Knaphill Print Company Limited	75%	Provides printing services
Woking News and Mail Limited	75%	Publication of newspapers and periodicals
Greengage Business Parks Limited	100%	Dormant

17. Stocks

	2017	Group	2017	Company
	£	2016	£	2016
	£	£	£	£
Finished goods for resale	138,184	110,820	-	-
Work in progress	78,017	78,017	78,017	78,017
	<u>216,201</u>	<u>188,837</u>	<u>78,017</u>	<u>78,017</u>

The cost of stocks recognised as an expense in the year amount to £1,208,538 (2016 - £1,123,742).

18. Debtors

	2017	Group	2017	Company
	£	2016	£	2016
	£	£	£	£
Trade debtors	543,275	472,427	-	-
Other debtors	6,505	18,992	6,505	18,992
Prepayments and accrued income	33,167	86,295	8,334	36,428
	<u>582,947</u>	<u>577,714</u>	<u>14,839</u>	<u>55,420</u>

WARM WELCOME MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2017

19. Current asset investments

	2017	Group	2017	Company
	£	2016	£	2016
		£		£
Other investments	-	1,005	-	1,005

20. Creditors: Amounts falling due within one year

	2017	Group	2017	Company
	£	2016	£	2016
		£		£
Bank loans and overdrafts – see note 21	252,970	169,389	141,021	68,000
Trade creditors	418,225	401,643	-	-
Hire purchase agreements – see note 22	42,970	61,588	-	-
	<u>9,335</u>	<u>28,570</u>	<u>9,335</u>	<u>28,570</u>
Directors' loan accounts				
Other creditors including taxation and social security:				
Corporation tax	20,541	10,042	10,399	9,882
Other taxation and social security	270,411	238,108	16,273	19,093
Other creditors	319,099	396,523	19,608	147,057
Accruals and deferred income	24,349	18,915	-	-
	<u>1,357,900</u>	<u>1,324,778</u>	<u>196,636</u>	<u>272,602</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2017	Group	2017	Company
	£	2016	£	2016
		£		£
Bank loans and overdrafts	252,970	169,389	141,021	68,000
Hire purchase agreements	42,970	61,588	-	-
	<u>295,940</u>	<u>230,977</u>	<u>141,021</u>	<u>68,000</u>

WARM WELCOME MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2017

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

	2017	Group 2016	2017	Company 2016
	£	£	£	£
Bank loans and overdrafts	1,110,047	868,107	469,867	266,886
Hire purchase agreements – see note 22	48,486	44,318	-	-
Other creditors	37,088	250,000	-	250,000
	<u>1,195,621</u>	<u>1,162,425</u>	<u>469,867</u>	<u>516,886</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	2017	Group 2016	2017	Company 2016
	£	£	£	£
Bank loans and overdrafts	1,110,047	868,107	469,867	266,886
Hire purchase agreements	48,486	44,318	-	-
	<u>1,158,533</u>	<u>912,425</u>	<u>469,867</u>	<u>266,886</u>

The following aggregate liabilities disclosed under creditors falling due after more than one year are due for repayment after more than five years from the balance sheet date:

	2017	Group 2016	2017	Company 2016
	£	£	£	£
Bank loans and overdrafts	158,305	227,768	-	31,750

The company has three bank loans, one amounting to £143,430 which is repayable in monthly instalments ending in 2022 and carries interest at 1.25% over base rate. The second loan amounts to £346,263 and is repayable in monthly instalments ending in 2021 and carries interest at 3.56% over base rate. The third loan amounts to £121,172 and is repayable in monthly instalments ending in 2020 and carries interest at 2.26% over base rate.

The company's subsidiary, Warm Welcome Hotels (Southern) Limited, has one bank loan of £400,000 which is repayable in annual instalments of £50,000 until 2021, with a final repayment of £100,000 in 2022. The loan carries interest at 1.25% over base rate.

The company's subsidiary, Dartmoor Brewery Limited, has two bank loans, one bank loan of £186,618, repayable in monthly instalments. The loan is due for repayment in April 2022 and carries interest at 2.19% over base rate. The second loan amounts to £147,500, repayable in monthly instalments ending in 2027 and carries interest at 2.5% over base rate.

The company's subsidiary, Knaphill Print Company Limited, has a mortgage of £64,395, repayable in monthly instalments. The loan is due for repayment in February 2024 and carries interest at 3.25% over base rate.

The group's bank borrowings are secured by charges over properties, debentures over the assets of certain companies and cross guarantees by group companies.

The group's obligations under hire purchase agreements are secured by a charge over the assets to which they relate.

WARM WELCOME MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2017

22. Commitments under hire purchase agreements

Future commitments under hire purchase agreements are as follows:

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Amounts payable within 1 year	42,970	61,588	-	-
Amounts payable in 1-2 years	33,371	18,254	-	-
Amounts payable between 2 to 5 years	15,115	26,064	-	-
	<u>91,456</u>	<u>105,906</u>	<u>-</u>	<u>-</u>

23. Obligations under leases

Operating leases – lessor – group and company

The total of future minimum lease rentals receivable is as follows:

	2017	2016
	£	£
Not later than one year	25,000	25,000
Later than one year and not later than five years	100,000	100,000
Later than five years	97,917	123,000
	<u>222,917</u>	<u>248,000</u>

These relate to leases for fixed terms with fixed rents.

24. Deferred taxation

The movement in the deferred taxation provision during the year was:

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Provision brought forward	247,575	267,751	20,575	20,751
Deferred tax charged to the profit and loss account	17,289	(16,176)	(113)	(176)
Deferred tax movement included in other comprehensive income	(17,000)	(4,000)	-	-
Adjustment on revaluation of listed investments	3,098	-	-	-
Provision carried forward	<u>250,962</u>	<u>247,575</u>	<u>20,462</u>	<u>20,575</u>

The group's provision for deferred taxation consists of the tax effect of timing differences in respect of:

Group	2017	2016
	Provided	Provided
	£	£
Excess of taxation allowances over depreciation on fixed assets	186,277	167,575
Revaluation of property	43,000	60,000
Revaluation of invested property	20,000	20,000
Revaluation of listed investments	1,685	-
	<u>250,962</u>	<u>247,575</u>

WARM WELCOME MANAGEMENT LIMITED

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The company's provision for deferred taxation consists of the tax effect of timing differences in respect of:

Company	2017 Provided £	2016 Provided £
Excess of taxation allowances over depreciation on fixed assets	462	575
Revaluation of investment property	20,000	20,000
Revaluation of investment property	<u>20,462</u>	<u>20,575</u>

25. Contingencies

The company has guaranteed the bank facilities of its subsidiary, Warm Welcome Hotels (Southern) Limited. The directors consider that Warm Welcome Hotels (Southern) Limited will continue to trade within the terms of its facilities and that the guarantee is highly unlikely to be called in. The amount guaranteed is £353,616 (2016 - £400,000).

26. Related party transactions

During the year the group and company made the following related party transactions:

Mr P G Davies

(Director)

During the year dividends of £48,000 (2014 - £11,700) were paid to Mr P G Davies and his wife.

During the current and previous year a loan account existed between the company and Mr P G Davies. No interest was paid on this loan and it was repayable on demand. At the balance sheet date the amount due to Mr P G Davies was £7,325 (2016 - £28,560).

Mr P B M Cliff

(Director)

During the year dividends of £12,000 (2016 - £2,065) were paid to Mr P B M Cliff.

During the current and previous year a loan account existed between the company and Mr P B M Cliff. No interest was paid on this loan and it was repayable on demand. At the balance sheet date the amount due to Mr P B M Cliff was £2,010 (2016 - £10).

S L Secretaries Limited

(A company controlled by Mrs Cliff, wife of a director).

During the year S L Secretaries Limited charged the group £40,000 (2016 - £43,013) in respect of company secretarial services. At the balance sheet date the amount due to S L Secretaries Limited was £nil (2016 - £nil).

Cloud Weddings Limited

(A company where a company director has significant influence)

During the year the company wrote off amounts owed by Cloud Weddings Limited of £12,167. At the balance sheet date the amount due from Cloud Weddings Limited was £Nil (2016: £12,167).

27. Share capital

Allotted, called up and fully paid:

	2017 No	£	2016 No	£
Ordinary shares of £0.01 each	<u>10,666</u>	<u>107</u>	<u>10,666</u>	<u>107</u>

WARM WELCOME MANAGEMENT LIMITED

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YEAR ENDED 30 APRIL 2017

28. Dividends

Equity dividends paid

	2017 £	2016 £
Current year interim dividend paid	<u>60,000</u>	<u>13,765</u>

29. Reserves

Share premium account

The share premium account contains the premium arising on issue of equity shares, net of expenses.

Profit and loss account

The profit and loss account represents cumulative profit or losses, net of dividends paid and other adjustments. Included in the brought forward and carried forward balance is £178,963 in relation to unrealised gains on investment properties and a £20,000 unrealised loss in relation to the deferred tax on these gains.

Revaluation reserve

The revaluation reserve represents the difference between cost and valuation for certain operational freehold and leasehold properties which were acquired and revalued before 2015, net of deferred tax and other adjustments. The surplus or deficit arising on a revaluation being transferred to the revaluation reserve.

30. Financial Instruments

The carrying values of the group and company's financial assets and liabilities are summarised by category below:

	2017 £	Group 2016 £	2017 £	Company 2016 £
Financial assets				
<i>Equity instruments measured at cost less impairment</i>	-	-	-	-
Fixed asset investments in unlisted equity shares	-	-	828,402	828,402
<i>Measured at fair value through profit and loss</i>				
Long and short term listed investments	50,692	33,093	-	1,005
<i>Measured at amortised cost</i>				
Trade and other debtors	549,780	491,419	6,505	18,992
Financial liabilities				
<i>Measured at amortised cost</i>				
Bank loans	1,359,380	1,033,691	610,866	334,886
Trade and other creditors	1,017,070	1,314,843	55,615	454,602