

# **WARM WELCOME MANAGEMENT LIMITED**

## **ANNUAL REPORT YEAR ENDED 30 APRIL 2018**

**Company Registration Number 1913114**

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# **WARM WELCOME MANAGEMENT LIMITED**

## **FINANCIAL STATEMENTS**

**YEAR ENDED 30 APRIL 2018**

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

# WARM WELCOME MANAGEMENT LIMITED

## STRATEGIC REPORT

YEAR ENDED 30 APRIL 2018

The directors present their strategic report for the year ended 30 April 2018.

### **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 2018, the group experienced good growth in income whilst remaining profitable. The group balance sheet remains strong.

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

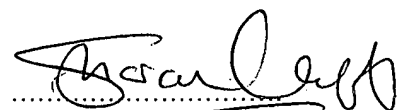
Given the straight forward nature of the business, the directors are of the opinion that analysis of key performance indicators is not necessary for an understanding of the business.

### **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 7/11/2018 and signed on its behalf by:



S L Secretaries Ltd  
Company Secretary

# **WARM WELCOME MANAGEMENT LIMITED**

## **DIRECTORS' REPORT**

**YEAR ENDED 30 APRIL 2018**

The directors present their report and the consolidated financial statements for the year ended 30 April 2018.

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 £30,000 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***

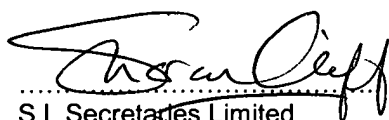
The group's principal financial instruments comprise bank balances, bank loans and working capital. These are managed to ensure sufficient funds are available for the group's operations.

#### **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 7/11/2018 and signed on its behalf by:



S L Secretaries Limited  
Company Secretary

# **WARM WELCOME MANAGEMENT LIMITED**

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

**YEAR ENDED 30 APRIL 2018**

The directors acknowledge their responsibilities 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; and
- 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**

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

**YEAR ENDED 30 APRIL 2018**

### **Opinion**

We have audited the financial statements of Warm Welcome Management Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 April 2018, which comprise the Group Profit and Loss Account and Statement of Comprehensive Income, Group Balance Sheet, Company Balance Sheet, Group Statement of Changes in Equity and Company Statement of Changes in Equity, Group Cash Flow Statement and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 April 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the group and parent company financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

# **WARM WELCOME MANAGEMENT LIMITED**

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

**YEAR ENDED 30 APRIL 2018**

### **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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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

### **Responsibilities of directors**

As explained more fully in the 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.



# WARM WELCOME MANAGEMENT LIMITED

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

YEAR ENDED 30 APRIL 2018

### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Martin Hobbs BSc ACA (Senior Statutory Auditor)  
PKF Francis Clark, Statutory Auditor

Sigma House  
Oak View Close  
Edginswell Park  
Torquay  
Devon  
TQ2 7FF

Date: 19 Nov. 2018

# WARM WELCOME MANAGEMENT LIMITED

## GROUP PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 APRIL 2018

	Note	2018 £	2017 £
Turnover	3	7,336,861	6,990,686
Cost of sales		(3,130,985)	(2,892,637)
Gross profit		4,205,876	4,098,049
Administrative expenses		(4,162,227)	(3,987,601)
Other operating income	4	36,650	35,356
Operating profit	5	80,299	145,804
Profit on disposal of fixed asset investment		-	20,225
Gain/(loss) on revaluation of investments		4,298	(5,918)
Income from other fixed asset investments		1,312	1,270
Amounts written off investments		-	(1,005)
Other interest receivable and similar income	9	138	160
Interest payable and similar charges	10	(37,400)	(35,604)
<b>Profit on ordinary activities before tax</b>		<b>48,647</b>	<b>124,932</b>
Taxation	11	(24,045)	(37,830)
<b>Profit for the financial year</b>		<b>24,602</b>	<b>87,102</b>
		<b>2018 £</b>	<b>2017 £</b>
<b>Profit/(loss) for the financial year attributable to:</b>			
Non-controlling interest		-	-
Owners of the parent company		24,602	87,102
		<b>24,602</b>	<b>87,102</b>

The notes on pages 15 to 31 form part of these financial statements.

# **WARM WELCOME MANAGEMENT LIMITED**

## **GROUP STATEMENT OF COMPREHENSIVE INCOME**

**YEAR ENDED 30 APRIL 2018**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Profit for the financial year	<b>24,602</b>	87,102
Surplus on property, plant and equipment revaluations (including tax adjustment)	<b>11,000</b>	17,000
Total comprehensive income for the year	<b><u>35,602</u></b>	<b><u>104,102</u></b>
Total comprehensive income for the year attributable to:		
Non-controlling interest	-	-
Owners of the parent company	<b><u>35,602</u></b>	<b><u>104,102</u></b>
	<b><u>35,602</u></b>	<b><u>104,102</u></b>

**The notes on pages 15 to 31 form part of these financial statements.**

# WARM WELCOME MANAGEMENT LIMITED

## GROUP BALANCE SHEET

30 APRIL 2018

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Intangible assets	12	191,589	234,185
Tangible assets	13	5,810,866	5,816,592
Investment property	14	250,000	250,000
Other investments	15	54,990	50,692
		<u>6,307,445</u>	<u>6,351,469</u>
<b>Current assets</b>			
Stocks	16	201,233	216,201
Debtors	17	596,408	582,947
Cash at bank and in hand		65,845	161,337
		<u>863,486</u>	<u>960,485</u>
<b>Creditors: Amounts falling due within one year</b>	18	<u>(1,437,183)</u>	<u>(1,357,900)</u>
<b>Net current liabilities</b>		<u>(573,697)</u>	<u>(397,415)</u>
<b>Total assets less current liabilities</b>		<u>5,733,748</u>	<u>5,954,054</u>
<b>Creditors: Amounts falling due after more than one year</b>	19	<u>(976,782)</u>	<u>(1,195,621)</u>
<b>Provisions for liabilities</b>			
Deferred taxation	22	<u>(243,893)</u>	<u>(250,962)</u>
		<u>4,513,073</u>	<u>4,507,471</u>
<b>Capital and reserves</b>			
Called-up equity share capital	26	107	107
Share premium account	28	121,873	121,873
Revaluation reserve	28	1,785,353	1,811,076
Profit and loss account	28	2,605,740	2,574,415
<b>Shareholders' funds</b>		<u>4,513,073</u>	<u>4,507,471</u>

Approved and authorised for issue by the Board on 7/11/2018 and are signed on their behalf by:



Mr P G Davies  
Director

The notes on pages 15 to 31 form part of these financial statements.

# WARM WELCOME MANAGEMENT LIMITED

## COMPANY BALANCE SHEET

30 APRIL 2018

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Tangible assets	13	2,305	2,712
Investment property	14	250,000	250,000
Investments	15	3,324,644	3,414,027
		<u>3,576,949</u>	<u>3,666,739</u>
<b>Current assets</b>			
Stocks	16	78,017	78,017
Debtors	17	20,679	14,839
Cash at bank and in hand		5,240	1
		<u>103,936</u>	<u>92,857</u>
<b>Creditors: Amounts falling due within one year</b>	18	(201,817)	(196,636)
<b>Net current liabilities</b>		<u>(97,881)</u>	<u>(103,779)</u>
<b>Total assets less current liabilities</b>		<u>3,479,068</u>	<u>3,562,960</u>
<b>Creditors: Amounts falling due after more than one year</b>	19	(325,241)	(469,867)
<b>Provisions for liabilities</b>			
Deferred taxation	22	(20,393)	(20,462)
		<u>3,133,434</u>	<u>3,072,631</u>
<b>Capital and reserves</b>			
Called-up equity share capital	26	107	107
Share premium account	28	121,873	121,873
Profit and loss account	28	3,011,454	2,950,651
<b>Shareholders' funds</b>		<u>3,133,434</u>	<u>3,072,631</u>

Approved and authorised for issue by the Board on 7/11/2018 and are signed on their behalf by:



Mr P G Davies  
Director

Company Registration Number: 1913114

The notes on pages 15 to 31 form part of these financial statements.

# WARM WELCOME MANAGEMENT LIMITED

## GROUP STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 30 APRIL 2018

	Share Capital £	Share Premium £	Revaluation reserve £	Profit and loss account £	Total £
At 1 May 2017	107	121,873	1,811,076	2,574,415	4,507,471
Profit for the year	-	-	-	24,602	24,602
Other comprehensive income	-	-	11,000	-	11,000
Total comprehensive income	-	-	11,000	24,602	35,602
Dividends	-	-	-	(30,000)	(30,000)
Transfers	-	-	(36,723)	36,723	-
At 30 April 2018	107	121,873	1,785,353	2,605,740	4,513,073

	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

The notes on pages 15 to 31 form part of these financial statements.

# WARM WELCOME MANAGEMENT LIMITED

## STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 30 APRIL 2018

	Share Capital £	Share Premium £	Profit and loss account £	Total £
At 1 May 2017	107	121,873	2,950,651	3,072,631
Profit for the year and total comprehensive income	-	-	90,803	90,803
Dividends	-	-	(30,000)	(30,000)
At 30 April 2018	107	121,873	3,011,454	3,133,434

	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 and 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

The notes on pages 15 to 31 form part of these financial statements.

# WARM WELCOME MANAGEMENT LIMITED

## GROUP CASH FLOW STATEMENT

YEAR ENDED 30 APRIL 2018

	2018 £	2017 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	24,602	87,102
Adjustments for:		
Amortisation of intangible fixed assets	42,596	42,598
Depreciation of tangible fixed assets	253,098	248,124
(Gain)/loss on revaluation of investments	(4,298)	5,918
Loss on disposal of tangible fixed assets	1,017	-
(Profit) from disposal of investments	-	(20,225)
Interest paid	37,400	36,609
Interest received	(1,450)	(1,430)
Corporation tax	24,045	37,830
	<u>377,010</u>	<u>436,526</u>
Working capital adjustments		
Decrease/(increase) in stocks	14,968	(27,364)
(Increase) in debtors	(13,461)	(5,233)
Increase in creditors	23,726	82,661
Increase in deferred income	9,912	37,088
	<u>412,155</u>	<u>523,678</u>
Cash generated from operations		
Corporation tax paid	(20,542)	(10,042)
	<u>391,613</u>	<u>513,636</u>
<b>Cash flows from investing activities</b>		
Interest received	1,450	1,430
Acquisition of tangible fixed assets	(231,472)	(279,070)
Acquisition of investments in subsidiary undertakings	-	(375,000)
Proceeds from disposal of investments	-	20,250
	<u>(230,022)</u>	<u>(632,390)</u>
<b>Cash flows from financing activities</b>		
Repayment of borrowings	(201,544)	(200,616)
Capital repayments under hire purchase agreements	(42,971)	(75,448)
Dividends paid	(30,000)	(60,000)
Interest paid	(37,400)	(35,604)
Proceeds from bank borrowing draw downs	-	522,500
	<u>(311,915)</u>	<u>150,832</u>
Net (decrease)/increase in cash and cash equivalents	(150,324)	32,078
Cash and cash equivalents at the beginning of the year	157,700	125,622
	<u>7,376</u>	<u>157,700</u>
Cash and cash equivalents at the end of the year		
Cash at bank and in hand	65,845	161,337
Bank overdrafts	(58,469)	(3,637)
	<u>7,376</u>	<u>157,700</u>
Cash and cash equivalents		

The notes on pages 15 to 31 form part of these financial statements.



# **WARM WELCOME MANAGEMENT LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 30 APRIL 2018**

### **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**

#### **Basis of accounting and 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' and the Companies Act 2006.

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 drawn up to 30 April 2018. 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. The company made a profit after tax for the financial year of £90,803 (2017 – profit of £119,956).

#### **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 2018

### 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.

#### Other grants

Capital grants are received from South West Grant Funding (SWGF) in respect of capital expenditure. Capital grants are initially taken to the grant account. Credits are made to the profit and loss account by equal instalments over a period of 50 years which, on average, matches the period over which the relevant fixed assets are depreciated.

#### Tax

Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the Company. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

#### Intangible assets

Intangible assets are stated in the balance sheet at cost less accumulated amortisation and impairment.

#### 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.

# **WARM WELCOME MANAGEMENT LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 30 APRIL 2018**

### **2. Accounting policies (continued)**

#### **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	- 15% per annum on a reducing balance 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.

#### **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.

#### **Defined contribution pension obligation**

Contributions to defined contribution plans are recognised as employee benefit expense when they are due.

# WARM WELCOME MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2018

### 2. Accounting policies *(continued)*

#### 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.

The group and company hold the following financial instruments:

- Investments in subsidiaries;
- Investments;
- Short term trade and other debtors and creditors;
- Intra group debtors and creditors;
- Directors loan accounts;
- Hire purchase liabilities;
- 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, hire purchase liabilities 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 initial measured at transaction price, including transaction costs, and are subsequently carried at fair value. Fair value has been measured at the quoted market price at the balance sheet date. Investments where the fair value cannot be measured reliably, are measured at cost less impairments.

#### **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.

# WARM WELCOME MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2018

### 2. Accounting policies (continued)

#### 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

### 3. Turnover

An analysis of turnover by geographical location is given below:

	2018 £	2017 £
United Kingdom	<u>7,336,861</u>	<u>6,990,686</u>

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

	2018 £	2017 £
Sale of goods	5,509,343	5,257,938
Rendering of services	1,430,060	1,356,466
Publishing	344,170	302,535
Other	53,288	73,747
	<u>7,336,861</u>	<u>6,990,686</u>

### 4. Other operating income

	2018 £	2017 £
Rent receivable	26,650	31,600
Other income	10,000	3,756
	<u>36,650</u>	<u>35,356</u>

### 5. Operating profit

Operating profit is stated after charging:

	2018 £	2017 £
Amortisation of intangible assets	42,596	42,598
Depreciation of fixed assets	253,098	248,124
Operating lease costs	63,270	32,729
Loss on disposal of tangible fixed assets	<u>1,017</u>	<u>-</u>

### 6. Auditor's remuneration

	2018 £	2017 £
Audit of the financial statements	<u>5,000</u>	<u>5,000</u>

# WARM WELCOME MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2018

### 7. Particulars of employees

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

	2018	2017
	No	No
Number of production staff	128	127
Number of administrative staff	5	5
Number of other staff	10	10
	<u>143</u>	<u>142</u>

The aggregate payroll costs of the above were:

	2018	2017
	£	£
Wages and salaries	2,116,303	2,045,711
Social security costs	144,287	135,055
Pension costs, defined contribution scheme	25,992	14,036
	<u>2,286,582</u>	<u>2,194,802</u>

### 8. Directors' remuneration

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

	2018	2017
	£	£
Remuneration receivable	<u>50,104</u>	<u>45,000</u>

### 9. Other interest receivable and similar income

	2018	2017
	£	£
Other interest receivable	<u>138</u>	<u>160</u>

### 10. Interest payable and similar charges

	2018	2017
	£	£
Interest payable on bank borrowing	28,189	20,865
Finance charges	4,129	7,124
Other similar charges payable	5,082	7,615
	<u>37,400</u>	<u>35,604</u>

# WARM WELCOME MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2018

### 11. Taxation on ordinary activities

#### (a) Analysis of charge in the year

	2018 £	2017 £
Current tax:		
In respect of the year:		
UK Corporation tax	20,114	20,541
Total current tax	20,114	20,541
Deferred tax:		
Origination and reversal of timing differences	3,931	17,289
Tax on profit on ordinary activities	<u>24,045</u>	<u>37,830</u>

#### (b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher (2017 – higher) than the standard rate of corporation tax in the UK of 19% (2017 - 20%).

	2018 £	2017 £
Profit on ordinary activities before taxation	<u>48,647</u>	<u>124,932</u>
Profit on ordinary activities by rate of tax	9,243	24,884
Revenues exempt from taxation	-	(4,028)
Fixed asset differences – ineligible depreciation	21,690	22,481
Tax increase from effect of capital allowances and depreciation	(7,547)	(4,204)
Expenses not deductible for tax purposes	659	1,664
Deferred tax expense (credit) relating to changes in tax rates or laws	-	(2,967)
Losses brought forward	-	(2,967)
Total tax (note 11 (a))	<u>24,045</u>	<u>37,830</u>

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

	2018 £	2017 £
Deferred tax relating to items of other comprehensive income	<u>(11,000)</u>	<u>(17,000)</u>

# WARM WELCOME MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2018

### 12. Intangible fixed assets

Group	Goodwill £	Titles and Archives £	Trademarks £	Total £
<b>Cost</b>				
At 1 May 2017	367,607	6,050	17,503	391,160
<b>At 30 April 2018</b>	<b><u>367,607</u></b>	<b><u>6,050</u></b>	<b><u>17,503</u></b>	<b><u>391,160</u></b>
<b>Amortisation</b>				
At 1 May 2017	138,272	6,050	12,653	156,975
Charge for the year	38,222	-	4,374	42,596
<b>At 30 April 2018</b>	<b><u>176,494</u></b>	<b><u>6,050</u></b>	<b><u>17,027</u></b>	<b><u>199,571</u></b>
<b>Net book value</b>				
<b>At 30 April 2018</b>	<b><u>191,113</u></b>	<b><u>-</u></b>	<b><u>476</u></b>	<b><u>191,589</u></b>
At 30 April 2017	<u>229,335</u>	<u>-</u>	<u>4,850</u>	<u>234,185</u>

### 13. Tangible fixed assets

Group	Freehold land and buildings £	Long leasehold land and buildings £	Other tangible assets £	Total £
<b>Cost or valuation</b>				
At 1 May 2017	3,003,526	2,123,102	2,910,818	8,037,446
Additions	73,756	-	174,633	248,389
Disposals	-	-	(3,671)	(3,671)
<b>At 30 April 2018</b>	<b><u>3,077,282</u></b>	<b><u>2,123,102</u></b>	<b><u>3,081,780</u></b>	<b><u>8,282,164</u></b>
<b>Depreciation</b>				
At 1 May 2017	53,677	225,413	1,941,764	2,220,854
Charge for the year	21,559	57,012	174,527	253,098
On disposals	-	-	(2,654)	(2,654)
<b>At 30 April 2018</b>	<b><u>75,236</u></b>	<b><u>282,425</u></b>	<b><u>2,113,637</u></b>	<b><u>2,471,298</u></b>
<b>Net book value</b>				
<b>At 30 April 2018</b>	<b><u>3,002,046</u></b>	<b><u>1,840,677</u></b>	<b><u>968,143</u></b>	<b><u>5,810,866</u></b>
At 30 April 2017	<u>2,949,849</u>	<u>1,897,687</u>	<u>969,056</u>	<u>5,816,592</u>

#### Hire purchase agreements

Included within the net book value of tangible fixed assets is £144,667 (2017 - £148,761) relating to assets held under hire purchase agreements.



# WARM WELCOME MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2018

### 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.

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

	<b>Freehold property £</b>	<b>Leasehold property £</b>	<b>Total £</b>
<b>Net book value at end of year</b>	<b><u>2,165,201</u></b>	<b><u>1,806,015</u></b>	<b><u>3,971,216</u></b>
<b>Historical cost:</b>			
At 1 May 2017	1,480,051	1,293,494	2,733,545
Cost of additions to revalued assets brought forward	1,530	-	1,530
<b>At 30 Apr 2018</b>	<b><u>1,481,581</u></b>	<b><u>1,293,494</u></b>	<b><u>2,775,075</u></b>
<b>Depreciation:</b>			
At 1 May 2017	96,281	481,420	577,701
Charge for year	-	20,290	20,290
<b>At 30 Apr 2018</b>	<b><u>96,281</u></b>	<b><u>501,710</u></b>	<b><u>597,991</u></b>
<b>Net historical cost value:</b>			
<b>At 30 Apr 2018</b>	<b><u>1,385,300</u></b>	<b><u>791,784</u></b>	<b><u>2,177,084</u></b>
At 1 May 2017	<u>1,383,770</u>	<u>812,074</u>	<u>2,195,844</u>

<b>Company</b>	<b>Fixtures &amp; fittings £</b>	<b>Total £</b>
<b>Cost or valuation</b>		
At 1 May 2017	28,930	28,930
<b>At 30 April 2018</b>	<b><u>28,930</u></b>	<b><u>28,930</u></b>
<b>Depreciation</b>		
At 1 May 2017	26,218	26,218
Charge for the year	407	407
<b>At 30 April 2018</b>	<b><u>26,625</u></b>	<b><u>26,625</u></b>
<b>Net book value</b>		
<b>At 30 April 2018</b>	<b><u>2,305</u></b>	<b><u>2,305</u></b>
At 30 April 2017	<u>2,712</u>	<u>2,712</u>

# WARM WELCOME MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2018

### 14. Investment Properties

Group and Company	2018 £	2017 £
At 1 May 2017 and 30 April 2018	<u>250,000</u>	<u>250,000</u>

The investment property was revalued on 30 April 2018 by the directors. The basis of this valuation was open market value. The asset has a current value of £250,000 (2017: £250,000) and an historic cost of £102,397 (2017: £102,397). The depreciation on this historical cost is £31,900 (2017: £31,900). The net historic cost value at 30 April 2018 is £71,037 (2017: £71,037).

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

### 15. Investments

Group	Listed investments £
<b>Shares</b>	
<b>Valuations</b>	
At 1 May 2017	50,692
Fair value adjustments	<u>4,298</u>
<b>Carrying amount</b>	
<b>At 30 April 2018</b>	<u><b>54,990</b></u>
At 30 April 2017	<u>50,692</u>
<b>Company</b>	<b>Subsidiary undertakings £</b>
<b>Shares</b>	
<b>Cost</b>	
At 1 May 2017	828,402
<b>At 30 April 2018</b>	<u><b>828,402</b></u>
<b>Loans</b>	
At 1 May 2017	2,585,625
Advanced in year	895,723
Repaid in year	(1,034,628)
Interest payable	57,768
Group tax relief	<u>(8,246)</u>
<b>At 30 April 2018</b>	<u><b>2,496,242</b></u>
<b>Net book value</b>	
<b>At 30 April 2018</b>	<u><b>3,324,644</b></u>
At 30 April 2017	<u>3,414,027</u>

# WARM WELCOME MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2018

### 15. Investments (*continued*)

#### Subsidiary companies

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Subsidiary undertakings	Registered office
Warm Welcome Hotels (Southern) Limited	Woodlands, Seaway Lane, Torquay, Devon, TQ2 6PW
Knaphill Print Company Limited	16 Lower Guildford Road, Knaphill, Woking, Surrey, GU21 2EG
Dartmoor Brewery Limited	Woodlands, Seaway Lane, Torquay, Devon, TQ2 6PW
Greengage Business Parks Limited	Sigma House Oak View Close, Edginswell Park, Torquay, Devon, TQ2 7FF
Woking News & Mail Limited	16 Lower Guildford Road, Knaphill, Woking, Surrey, GU21 2EG

All of the companies listed are incorporated in England and Wales.

With the exception of Knaphill Print Company Limited and Woking News and Mail Limited the above companies are wholly owned subsidiaries of the parent company. Only 75% of the voting rights and shares of Knaphill Print Limited and Woking News and Mail Limited are held by the parent company.

All shares held by the parent company are of ordinary share capital.

The principal activity of Warm Welcome Hotels (Southern) Limited is the operation of the Bedford and Two Bridges Hotels.

The principal activity of Knaphill Print Company Limited is the provision of printing services.

The principal activity of Dartmoor Brewery Limited is the manufacturer of beer.

The principal activity of Greengage Business Parks Limited is to be dormant.

The principal activity of Woking News & Mail Limited is newspaper publishing.

# WARM WELCOME MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2018

### 16. Stocks

	2018	Group 2017	2018	Company 2017
	£	£	£	£
Finished goods for resale	123,216	138,184	-	-
Work in progress	78,017	78,017	78,017	78,017
	<u>201,233</u>	<u>216,201</u>	<u>78,017</u>	<u>78,017</u>

The cost of stocks recognised as an expense in the year amount to £1,262,338 (2017 - £1,208,538).

### 17. Debtors

	2018	Group 2017	2018	Company 2017
	£	£	£	£
Trade debtors	524,181	543,275	4,167	-
Other debtors	34,071	6,505	4,752	6,505
Prepayments and accrued income	38,156	33,167	11,760	8,334
	<u>596,408</u>	<u>582,947</u>	<u>20,679</u>	<u>14,839</u>

### 18. Creditors: Amounts falling due within one year

	2018	Group 2017	2018	Company 2017
	£	£	£	£
Bank loans and overdrafts – see note 19	314,327	252,970	142,988	141,021
Trade creditors	389,037	418,225	-	-
Hire purchase agreements – see note 20	37,601	42,970	-	-
Directors' loan accounts	6,286	9,335	6,286	9,335
Corporation tax	20,113	20,541	13,422	10,399
Other taxation and social security	274,094	270,411	18,698	16,273
Other creditors	379,058	319,099	20,423	19,608
Accruals and deferred income	16,667	24,349	-	-
	<u>1,437,183</u>	<u>1,357,900</u>	<u>201,817</u>	<u>196,636</u>

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

	2018	Group 2017	2018	Company 2017
	£	£	£	£
Bank loans and overdrafts	314,327	252,970	142,988	141,021
Hire purchase agreements	37,601	42,970	-	-
	<u>351,928</u>	<u>295,940</u>	<u>142,988</u>	<u>141,021</u>

# WARM WELCOME MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2018

### 19. Creditors: Amounts falling due after more than one year

	2018	Group 2017	2018	Company 2017
	£	£	£	£
Bank loans and overdrafts	901,978	1,110,047	325,241	469,867
Hire purchase agreements – see note 20	27,804	48,486	-	-
Deferred income	47,000	37,088	-	-
	<u>976,782</u>	<u>1,195,621</u>	<u>325,241</u>	<u>469,867</u>

Deferred income includes £39,000 (2017 - £Nil) which is due after more than five years.

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

	2018	Group 2017	2018	Company 2017
	£	£	£	£
Bank loans and overdrafts	901,978	1,110,047	325,241	469,867
Hire purchase agreements	27,804	48,486	-	-
	<u>929,782</u>	<u>1,158,533</u>	<u>325,241</u>	<u>469,867</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:

	2018	Group 2017	2018	Company 2017
	£	£	£	£
Bank loans and overdrafts	<u>81,106</u>	<u>158,305</u>	<u>-</u>	<u>-</u>

The company's subsidiary, Dartmoor Brewery Limited, has a bank loan amounting to £183,000, repayable in monthly instalments ending in 2027 and carrying interest at 2.5% over base rate.

The company's subsidiary, Knaphill Print Company Limited, has a mortgage of £55,223, 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 2018

### 20. Commitments under hire purchase agreements

Future commitments under hire purchase agreements are as follows:

	<b>2018</b>	<b>Group</b>	<b>2018</b>	<b>Company</b>
	<b>£</b>	<b>2017</b>	<b>£</b>	<b>2017</b>
		<b>£</b>		<b>£</b>
Amounts payable within 1 year	<b>37,601</b>	42,970	-	-
Amounts payable in 1-2 years	<b>19,344</b>	33,371	-	-
Amounts payable between 2 to 5 years	<b>8,460</b>	15,115	-	-
	<b><u>65,405</u></b>	<b><u>91,456</u></b>	<b><u>-</u></b>	<b><u>-</u></b>

### 21. Obligations under leases

#### Operating leases – lessor – group and company

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

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Not later than one year	<b>25,000</b>	25,000
Later than one year and not later than five years	<b>100,000</b>	100,000
Later than five years	<b>72,917</b>	97,917
	<b><u>197,917</u></b>	<b><u>222,917</u></b>

These relate to leases for fixed terms with fixed rents.

### 22. Deferred taxation

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

	<b>2018</b>	<b>Group</b>	<b>2018</b>	<b>Company</b>
	<b>£</b>	<b>2017</b>	<b>£</b>	<b>2017</b>
		<b>£</b>		<b>£</b>
Provision brought forward	<b>250,962</b>	247,575	<b>20,462</b>	20,575
Deferred tax charged to the profit and loss account	<b>3,931</b>	17,289	<b>(69)</b>	(113)
Deferred tax movement included in other comprehensive income	<b>(11,000)</b>	(17,000)	-	-
Adjustment on revaluation of listed investments	-	3,098	-	-
Provision carried forward	<b><u>243,893</u></b>	<b><u>250,962</u></b>	<b><u>20,393</u></b>	<b><u>20,462</u></b>

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

<b>Group</b>	<b>2018</b>	<b>2017</b>
	<b>Provided</b>	<b>Provided</b>
	<b>£</b>	<b>£</b>
Excess of taxation allowances over depreciation on fixed assets	<b>189,393</b>	186,277
Revaluation of property	<b>32,000</b>	43,000
Revaluation of invested property	<b>20,000</b>	20,000
Revaluation of listed investments	<b>2,500</b>	1,685
	<b><u>243,893</u></b>	<b><u>250,962</u></b>

# WARM WELCOME MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2018

### 22. Deferred taxation (*continued*)

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

Company	2018 Provided £	2017 Provided £
Excess of taxation allowances over depreciation on fixed assets	393	462
Revaluation of investment property	20,000	20,000
	<u>20,393</u>	<u>20,462</u>

### 23. Pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £25,992 (2017 - £14,036).

Contributions totalling £5,426 (2017 - £2,815) were payable to the scheme at the end of the year and are included in creditors.

### 24. 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 £358,469 (2017 - £353,616).

### 25. Related party transactions

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

**S L Secretaries Limited** (A company controlled by Mrs Cliff)

During the year S L Secretaries Limited charged the group £46,713 (2017 - £40,000) in respect of company secretarial services.

### 26. Share capital

Allotted, called up and fully paid:

	2018 No	£	2017 No	£
Ordinary shares of £0.01 each	<u>10,666</u>	<u>107</u>	<u>10,666</u>	<u>107</u>

### 27. Dividends

Equity dividends paid

	2018 £	2017 £
Interim dividend of £2.813 (2017 - £5.625) per ordinary share	<u>30,000</u>	<u>60,000</u>

# WARM WELCOME MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2018

### 28. 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 is transferred to the revaluation reserve.

### 29. Financial Instruments

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

	2018 £	Group 2017 £	2018 £	Company 2017 £
<b>Financial assets</b>				
<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	54,990	50,692	-	-
<i>Measured at amortised cost</i>				
Trade and other debtors	558,252	549,780	2,505,161	2,592,131
<b>Financial liabilities</b>				
<i>Measured at amortised cost</i>				
Bank loans	1,157,836	1,359,380	468,229	610,866
Trade and other creditors	791,048	771,008	26,709	28,943



# WARM WELCOME MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2018

### 30. Analysis of changes in net debt

	At 1 May 2017 £	Cash flows £	Non cash movements £	At 30 April 2018 £
Net cash:				
Cash in hand and at bank	161,337	(95,492)	-	65,845
Overdrafts	(3,637)	(54,832)	-	(58,469)
	<u>157,700</u>	<u>(150,324)</u>	<u>-</u>	<u>7,376</u>
Debt:				
Due within one year	(292,303)	3,074	(4,230)	(293,459)
Due after more than one year	(1,158,533)	241,441	(12,690)	(929,782)
	<u>(1,450,836)</u>	<u>244,515</u>	<u>(16,920)</u>	<u>(1,223,241)</u>
Net debt	<u>(1,293,136)</u>	<u>94,191</u>	<u>(16,920)</u>	<u>(1,215,865)</u>