

COMPANY REGISTRATION NUMBER: 03054972

HOME HOUSE LIMITED
FINANCIAL STATEMENTS
31 DECEMBER 2017

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HOME HOUSE LIMITED

FINANCIAL STATEMENTS

Year ended 31 December 2017

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HOME HOUSE LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

Mr S M Al-Hajaj
Mr C W Tuke
Mr S N Osseiran
Mr B A Dahl
Mr O M S Jaroudi
Mr F Fawaz

Company secretary

Mr C W Tuke

Registered office

Cedar House
Hazell Drive
Newport
South Wales
NP10 8FY

Auditor

Kilsby & Williams LLP
Chartered Accountants & statutory auditor
Cedar House
Hazell Drive
Newport
NP10 8FY

Bankers

Barclays Bank plc
36 - 38 Milsom Street
Bath
BA1 1DW

Solicitors

K&L Gates
One New Change
London
EC4M 9AF

Principal place of business

20 Portman Square
London
W1H 6LW

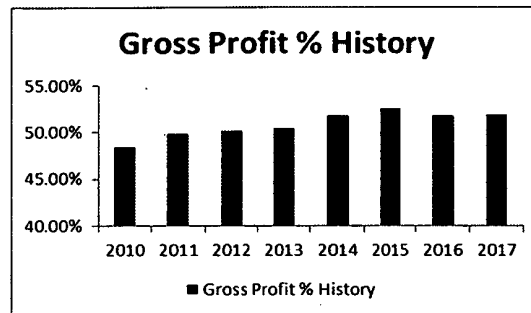
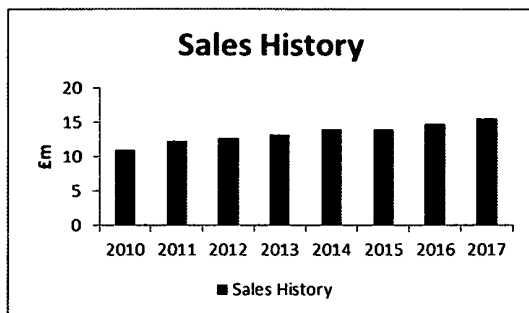
HOME HOUSE LIMITED

STRATEGIC REPORT

Year ended 31 December 2017

REVIEW OF THE BUSINESS

The principal activity of the company for the year was that of the operation of an exclusive private members club providing quality accommodation and associated facilities.



During the year total revenue grew by 5.3% to £15.6m. Of the three principal revenue channels both membership subscriptions and bedrooms grew while food and beverage showed a marginal increase compared to 2016.

The total number of members continued to increase and subscription revenue grew by 8.8%.

Bedroom revenue increased by 7.4%. Occupancy increased by 5.2% and there was also a small increase in the average room rate achieved.

Total sales of food & beverage grew marginally.

Gross profit as a percentage of turnover increased marginally to 51.9% from 51.8%. Distribution costs fell during the year however administration costs increased as a result of further investment in the company's systems and processes.

The increased revenue and costs resulted in an EBITDA of £1.6m, a similar result to 2016.

The business continues to be cash generative with £1.4m generated from operating activities in 2017. The company invested £0.4m on capital expenditure projects and received intercompany loans of £1.1m. As a result, overall the cash balance increased by £1.9m during 2017. All areas of the club continue to benefit from the investment in capital projects.

Home House is well positioned to grow the business during 2018. The range of offering to members continues to be refined to ensure that members always receive an experience that meets the core values of Home House. The membership of Home House continues to grow, reflecting the desirability of joining the club.

The desire of the business is to grow through the addition of new sites. The management team are focused upon finding new opportunities that will complement the Home House brand.

PRINCIPAL RISKS AND UNCERTAINTIES

There are a number of risks that could harm the profitability of the business and the management team take active measures to ensure these risks are understood and minimised. A business continuity plan is in place and documented. The management team do not believe the risk profile of the company has changed.

Operational risks focus around the ability to ensure that the alcohol license is not encumbered with restrictions. The quality of food is paramount to the success of the business and great effort is made to ensure that food hygiene is maintained at the appropriate level.

HOME HOUSE LIMITED

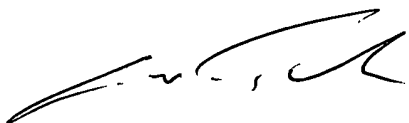
STRATEGIC REPORT *(continued)*

Year ended 31 December 2017

CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY AND PROCEDURES

Fairford Group and its subsidiaries aim to be long term contributors to a sustainable society and during 2015 and 2016 a comprehensive CSR project has been carried out throughout the group. The project included formulating an overarching CSR policy which has been customised by local management teams where needed and adopted by the board in the portfolio companies. Educational workshops have been carried out to ensure that the management teams are fully informed, aligned and dedicated to spread the policy and procedures in their respective organisations. The efforts invested and measures taken in the CSR project also ensures that each company and the group as a whole are well positioned to match the current and upcoming legislation related to sustainability and CSR.

This report was approved by the board of directors on 9 March 2018 and signed on behalf of the board by:



Mr C W Tuke
Company Secretary

HOME HOUSE LIMITED

DIRECTORS' REPORT

Year ended 31 December 2017

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

DIRECTORS

The directors who served the company during the year were as follows:

Mr S M Al-Hajaj
Mr C W Tuke
Mr S N Osseiran
Mr B A Dahl
Mr O M S Jaroudi
Mr F Fawaz

DIVIDENDS

The directors do not recommend the payment of a dividend.

FINANCIAL INSTRUMENTS

The company's principal instruments comprise bank balances, trade creditors, trade debtors, and other loans due to the company. The main purpose of these instruments is to raise funds and to finance the company's operations.

In respect of bank balances the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of overdrafts at floating rates of interest.

In respect of loans these comprise loans to and from group companies. The company manages the liquidity risk by ensuring there are sufficient funds to meet the payments.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

DISCLOSURE OF INFORMATION IN THE STRATEGIC REPORT

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 we set out in the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 profit or loss of the company for that period.

HOME HOUSE LIMITED

DIRECTORS' REPORT *(continued)*

Year ended 31 December 2017

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

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

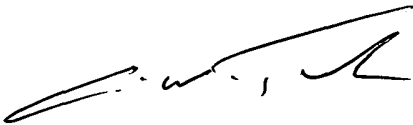
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies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

AUDITOR

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

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have 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 company's auditor is aware of that information.

This report was approved by the board of directors on 9 March 2018 and signed on behalf of the board by:



Mr C W Tuke
Company Secretary

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOME HOUSE LIMITED

Year ended 31 December 2017

OPINION

We have audited the financial statements of Home House Limited (the 'company') for the year ended 31 December 2017 which comprise the profit and loss account, balance sheet, statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 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 financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOME HOUSE
LIMITED** *(continued)*

Year ended 31 December 2017

OTHER INFORMATION

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement, 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.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOME HOUSE LIMITED *(continued)*

Year ended 31 December 2017

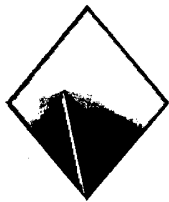
In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company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

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



**KILSBY
WILLIAMS**
Chartered Accountants

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOME HOUSE
LIMITED** *(continued)*

Year ended 31 December 2017

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Simon Tee 28th March 2018

Simon Tee (Senior Statutory Auditor)

For and on behalf of
Kilsby & Williams LLP
Chartered Accountants & statutory auditor
Cedar House
Hazell Drive
Newport
NP10 8FY

HOME HOUSE LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2017

	Note	2017 £	2016 £
TURNOVER	4	15,583,780	14,800,340
Cost of sales		(7,497,152)	(7,135,027)
GROSS PROFIT		8,086,628	7,665,313
Distribution costs		(456,371)	(475,530)
Administrative expenses		(6,737,406)	(6,181,952)
OPERATING PROFIT	5	892,851	1,007,831
Other interest receivable and similar income	8	6,997	3,682
Interest payable and similar expenses	9	—	(268)
PROFIT BEFORE TAXATION		899,848	1,011,245
Tax on profit	10	(191,189)	(207,836)
PROFIT FOR THE FINANCIAL YEAR AND TOTAL COMPREHENSIVE INCOME		<u>708,659</u>	<u>803,409</u>
RETAINED EARNINGS AT THE START OF THE YEAR		2,484,976	1,681,567
RETAINED EARNINGS AT THE END OF THE YEAR		<u>3,193,635</u>	<u>2,484,976</u>

All the activities of the company are from continuing operations.

The notes on pages 13 to 22 form part of these financial statements.

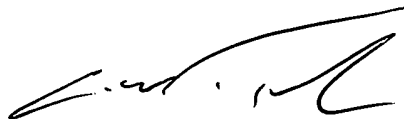
HOME HOUSE LIMITED

BALANCE SHEET

31 December 2017

	Note	2017 £	2016 £
FIXED ASSETS			
Tangible assets	11	1,327,486	1,453,850
CURRENT ASSETS			
Stock	12	192,034	193,294
Debtors	13	2,663,903	3,704,821
Cash at bank and in hand		4,224,636	2,357,402
		<u>7,080,573</u>	<u>6,255,517</u>
CREDITORS: amounts falling due within one year	14	(3,139,422)	(3,149,389)
NET CURRENT ASSETS		<u>3,941,151</u>	<u>3,106,128</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,268,637</u>	<u>4,559,978</u>
NET ASSETS		<u>5,268,637</u>	<u>4,559,978</u>
CAPITAL AND RESERVES			
Called up share capital	18	2,075,002	2,075,002
Profit and loss account	19	3,193,635	2,484,976
SHAREHOLDERS FUNDS		<u>5,268,637</u>	<u>4,559,978</u>

These financial statements were approved by the board of directors and authorised for issue on 9 March 2018, and are signed on behalf of the board by:



Mr C W Tuke
Director

Company registration number: 03054972

The notes on pages 13 to 22 form part of these financial statements.

HOME HOUSE LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 December 2017

	2017 £	2016 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the financial year	708,659	803,409
<i>Adjustments for:</i>		
Depreciation of tangible assets	554,007	553,488
Other interest receivable and similar income	(6,997)	(3,682)
Interest payable and similar expenses	–	268
Tax on profit	191,189	207,836
Accrued expenses	100,706	221,657
<i>Changes in:</i>		
Stock	1,260	(21,521)
Trade and other debtors	11,724	(102,589)
Trade and other creditors	(174,563)	307,750
Cash generated from operations	1,385,985	1,966,616
Interest paid	–	(268)
Interest received	6,997	3,682
Tax paid	(216,981)	(148,901)
Net cash from operating activities	<u>1,176,001</u>	<u>1,821,129</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible assets	(364,798)	(417,722)
Net cash used in investing activities	<u>(364,798)</u>	<u>(417,722)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Loans from/(to) group undertakings	1,056,031	(706,250)
Net cash from/(used in) financing activities	<u>1,056,031</u>	<u>(706,250)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,867,234	697,157
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>2,357,402</u>	<u>1,660,245</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>4,224,636</u>	<u>2,357,402</u>

The notes on pages 13 to 22 form part of these financial statements.

HOME HOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

1. GENERAL INFORMATION

The company is a private company limited by shares and is incorporated and domiciled in England and Wales. The principal place of business is 20 Portman Square, London, W1H 6LW.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through the profit and loss account.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of Quintillion UK Limited which can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

(a) Disclosures in respect of financial instruments have not been presented.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

HOME HOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 December 2017

3. ACCOUNTING POLICIES *(continued)*

Judgements and key sources of estimation uncertainty *(continued)*

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Useful economic life of tangible fixed assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied and services rendered, stated net of discounts and of Value Added Tax.

Turnover from the sale of goods such as bar and restaurant takings are recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer, usually at the point of sale. At this point the amount of turnover can be measured reliably, it is probable that the associated economic benefits will flow to the entity, and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Turnover from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided the outcome can be reliably measured. The significant service turnover income streams are discussed below.

Membership subscription revenue is recognised on a straight-line basis over the life of the membership. Joining fees in relation to memberships are recognised in the month in which they are received.

Room hire revenue is recognised at the end of the financial day.

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

HOME HOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 December 2017

3. ACCOUNTING POLICIES *(continued)*

Taxation *(continued)*

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Tangible assets

Tangible assets are initially recorded at cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Fixtures and fittings	- 10% to 25% straight line
Office equipment	- 33% straight line

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

HOME HOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 December 2017

3. ACCOUNTING POLICIES *(continued)*

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

4. TURNOVER

Turnover arises from:

	2017 £	2016 £
Sale of goods	8,391,969	8,375,232
Rendering of services	7,191,811	6,425,108
	<u>15,583,780</u>	<u>14,800,340</u>

HOME HOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 December 2017

4. TURNOVER *(continued)*

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

5. OPERATING PROFIT

Operating profit or loss is stated after charging:

	2017	2016
	£	£
Depreciation of tangible assets	554,007	553,488
Cost of stock recognised as an expense	2,136,241	2,130,948
Impairment of trade debtors	(3,630)	24,714
	<u> </u>	<u> </u>

6. AUDITOR'S REMUNERATION

	2017	2016
	£	£
Fees payable for the audit of the financial statements	<u>6,900</u>	<u>6,750</u>

7. STAFF COSTS

The average number of persons employed by the company during the year, including the directors, amounted to:

	2017	2016
	No.	No.
Number of staff	<u>195</u>	<u>204</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2017	2016
	£	£
Wages and salaries	5,139,558	4,771,669
Social security costs	429,165	392,744
Other pension costs	77,969	85,474
	<u>5,646,692</u>	<u>5,249,887</u>

8. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2017	2016
	£	£
Other interest receivable and similar income	<u>6,997</u>	<u>3,682</u>

HOME HOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 December 2017

9. INTEREST PAYABLE AND SIMILAR EXPENSES

	2017	2016
	£	£
Other interest payable and similar charges	–	268

10. TAX ON PROFIT

Major components of tax expense

	2017	2016
	£	£
Current tax:		
UK current tax expense	218,026	208,436
Adjustments in respect of prior periods	–	(7,252)
Total current tax	218,026	201,184
Deferred tax:		
Origination and reversal of timing differences	(26,837)	6,652
Tax on profit	191,189	207,836

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2016: higher than) the standard rate of corporation tax in the UK of 19% (2016: 20%).

	2017	2016
	£	£
Profit on ordinary activities before taxation	899,848	1,011,245
Profit on ordinary activities by rate of tax	170,971	202,249
Adjustment to tax charge in respect of prior periods	–	(7,435)
Effect of expenses not deductible for tax purposes	4,564	2,336
Effect of capital allowances and depreciation	12,346	9,790
Effect of different UK tax rates on some earnings	3,355	896
Utilisation of tax losses	(47)	–
Tax on profit	191,189	207,836

HOME HOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 December 2017

11. TANGIBLE ASSETS

	Fixtures and fittings £	Equipment £	Total £
Cost			
At 1 January 2017	4,963,661	347,624	5,311,285
Additions	358,961	68,682	427,643
At 31 December 2017	<u>5,322,622</u>	<u>416,306</u>	<u>5,738,928</u>
Depreciation			
At 1 January 2017	3,626,122	231,313	3,857,435
Charge for the year	479,631	74,376	554,007
At 31 December 2017	<u>4,105,753</u>	<u>305,689</u>	<u>4,411,442</u>
Carrying amount			
At 31 December 2017	<u>1,216,869</u>	<u>110,617</u>	<u>1,327,486</u>
At 31 December 2016	<u>1,337,539</u>	<u>116,311</u>	<u>1,453,850</u>

12. STOCK

	2017 £	2016 £
Stock	<u>192,034</u>	<u>193,294</u>

13. DEBTORS

	2017 £	2016 £
Trade debtors	302,635	292,042
Amounts owed by group undertakings	1,646,024	2,702,055
Deferred tax asset	31,913	5,076
Prepayments and accrued income	683,331	705,648
	<u>2,663,903</u>	<u>3,704,821</u>

14. CREDITORS: amounts falling due within one year

	2017 £	2016 £
Trade creditors	829,451	687,633
Accruals and deferred income	1,426,621	1,325,915
Corporation tax	70,026	68,981
Social security and other taxes	599,246	807,177
Other creditors	214,078	259,683
	<u>3,139,422</u>	<u>3,149,389</u>

HOME HOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 December 2017

15. DEFERRED TAX

The deferred tax included in the balance sheet is as follows:

	2017	2016
	£	£
Included in debtors (note 13)	<u>31,913</u>	<u>5,076</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2017	2016
	£	£
Accelerated capital allowances	(30,096)	(3,762)
Other timing differences	<u>(1,817)</u>	<u>(1,314)</u>
	<u>(31,913)</u>	<u>(5,076)</u>

The net deferred tax asset expected to reverse in 2018 is £26,000. This primarily relates to the reversal of existing timing differences on tangible fixed assets and the origination of new timing differences on tangible fixed assets.

16. EMPLOYEE BENEFITS

Defined contribution plans

The amount recognised in the profit and loss account as an expense in relation to defined contribution plans was £77,969 (2016: £85,474).

17. FINANCIAL INSTRUMENTS

In accordance with FRS102 the company has taken advantage from disclosing the carrying amounts of financial instruments on the grounds that its parent publishes consolidated financial statements.

18. CALLED UP SHARE CAPITAL

Issued, called up and fully paid

	2017		2016	
	No.	£	No.	£
Ordinary shares of £1 each	<u>2,075,002</u>	<u>2,075,002</u>	<u>2,075,002</u>	<u>2,075,002</u>

HOME HOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 December 2017

19. RESERVES

Called up share capital - Represents the nominal value of shares that have been issued.

Profit and loss account - This reserve records retained earnings, capital contributions and accumulated profits/losses.

20. OPERATING LEASES

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2017	2016
	£	£
Not later than 1 year	14,069	20,925
Later than 1 year and not later than 5 years	43,350	16,278
Later than 5 years	5,095	—
	<u>62,514</u>	<u>37,203</u>

21. CONTINGENCIES

At 31 December 2017 a composite cross-guarantee was in existence between Home House Limited, Berkeley Adam Limited, Home Grown Club Limited and Quintillion UK Limited in respect of a bank loan amounting to £9,500,000. The directors do not expect any liability to arise from this.

22. RELATED PARTY TRANSACTIONS

The company made the following sales and purchases from the following related parties during the year.

	2017		2016	
	Sales	Purchases/ Management charges	Sales	Purchases/ Management charges
	£	£	£	£
Fairford Holdings UK Limited	18,269	81,801	11,039	75,517
Mr O M S Jaroudi (director)	—	5,000	—	5,000
Mr S M Al-Hajaj (director)	—	5,000	—	5,000
Juvenis Merchant Partners AB	—	30,576	—	30,000
Mr F Fawaz (director)	—	5,000	—	5,000

The above companies are related due to common directors. In accordance with FRS102, transactions with wholly owned entities within the group are not disclosed.

HOME HOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 December 2017

23. CONTROLLING PARTY

The company is controlled by its ultimate controlling party which is The Salah Osseiran Trust.

In the opinion of the directors, the company's ultimate parent company is Osseiran Investment Limited, a company registered in Cyprus.

The parent undertaking of the largest group, which includes the company and for which group accounts are prepared, is Osseiran Investment Limited, a company registered in Cyprus.

The parent undertaking of the smallest group, which includes the company and for which group accounts are prepared, is Quintillion UK Limited. Copies of the group accounts can be obtained from Companies House, Crown Way, Cardiff, CF4 3UZ.