

**Strategic Report, Report of the Directors and
Audited Financial Statements
for the Year Ended 31 October 2018
for
Beamish Hall Limited**



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for the Year Ended 31 October 2018**

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Beamish Hall Limited

**Company Information
for the Year Ended 31 October 2018**

DIRECTORS:	D Craggs H Craggs A Tocu K Craggs A Craggs
SECRETARY:	H Craggs
REGISTERED OFFICE:	Beamish Hall Beamish Stanley County Durham DH9 0YB
REGISTERED NUMBER:	04023106 (England and Wales)
SENIOR STATUTORY AUDITOR:	Simon Hook FCCA
AUDITORS:	Clive Owen LLP Chartered Accountants Statutory Auditors Kepier House Belmont Business Park Durham DH1 1TW

**Strategic Report
for the Year Ended 31 October 2018**

The directors present their strategic report for the year ended 31 October 2018.

REVIEW OF BUSINESS

The principal activity of the company is the provision of hotel facilities, incorporating a wedding venue and conference centre.

The headline financial indicators for the period were as follows:

	2018 £'000	2017 £'000	Change £'000	Change %
Turnover	4,726	4,777	(51)	(1.1%)
Gross profit	3,566	3,531	35	1.0%
Margin	75.5%	73.9%		1.6%
Operating profit/(loss)	58	27	32	119%

Gross Profit has increased within the financial year. Food costs were improved on the previous year. Beverage costs have increased, but this has been rectified by increases in our prices.

The property is included in the accounts at valuation. The most recent valuation was done in 2017 which the directors have deemed market rate as at 31 October 2018.

Strategy

The focus on key performance indicators has continued to strengthen and will continue to do so going forward. With particular emphasis on:

- Sales, costs and gross margin
- Stock usage and turnaround
- Staff utilisation through rota management.

**Strategic Report
for the Year Ended 31 October 2018**

PRINCIPAL RISKS AND UNCERTAINTIES

Financial Risk Management

Financial risk management is integral to the management of the business. The primary risks to which the company is exposed are liquidity risk, interest rate risk and credit risk.

Liquidity Risk

The company has a term loan for the purpose of the initial acquisition of and secured on the property of Beamish Hall itself. In addition, the company has an overdraft facility. The company periodically reviews the facilities with the bank to ensure they remain adequate for current and future requirements.

Interest Rate Risk

The overdraft and loan facilities are subject to floating rates of interest linked to base rate or LIBOR. The level of risk resulting from this is considered manageable at present given the recent trend of low and stable interest rates, which are expected to continue in the short to medium term.

Credit Risk

Predominantly the main credit risk arises on trade debtors. Whilst the majority of the turnover of the company is derived from either a pay in advance and on service basis, a not insignificant proportion is allocated credit terms. Policies and procedures are in place to ensure that appropriate credit limits and such credit accounts are reviewed on a regular basis to ensure that they are not allowed to become overdue.

ON BEHALF OF THE BOARD:



D Craggs - Director

19 July 2019

**Report of the Directors
for the Year Ended 31 October 2018**

The directors present their report with the financial statements of the company for the year ended 31 October 2018.

PRINCIPAL ACTIVITY

The principal activity of the company in the period under review was that of the provision of hotel facilities and associated leisure activities.

DIVIDENDS

The directors recommend final dividends per share as follows:

	£
Ordinary £1 shares	120,000
4% Preference £1 shares	30,000

DIRECTORS

The directors shown below have held office during the whole of the period from 1 November 2017 to the date of this report.

D Craggs
H Craggs
A Tocu
K Craggs
A Craggs

Other changes in directors holding office are as follows:

D Reay - resigned 5 July 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**Report of the Directors
for the Year Ended 31 October 2018**

AUDITORS

The auditors, Clive Owen LLP, are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to be 'D. Craggs', written over a horizontal line.

D Craggs - Director

19 July 2019

**Report of the Independent Auditors to the Members of
Beamish Hall Limited**

Opinion

We have audited the financial statements of Beamish Hall Limited (the 'company') for the year ended 31 October 2018 which comprise the Profit and Loss Account, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, 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 company's affairs as at 31 October 2018 and of its 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 Auditors' 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.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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.

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

**Report of the Independent Auditors to the Members of
Beamish Hall Limited**

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 Report of the Directors.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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 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 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.

Auditors' 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 a Report of the Auditors 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. This description forms part of our Report of the Auditors.

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 a Report of the Auditors 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.



Simon Hook FCCA (Senior Statutory Auditor)
for and on behalf of Clive Owen LLP
Chartered Accountants
Statutory Auditors
Kepier House
Belmont Business Park
Durham
DH1 1TW

19 July 2019

Beamish Hall Limited (Registered number: 04023106)

**Profit and Loss Account
for the Year Ended 31 October 2018**

	Notes	2018 £	2017 £
TURNOVER	3	4,726,042	4,777,817
Cost of sales		1,159,833	1,246,852
GROSS PROFIT		3,566,209	3,530,965
Administrative expenses		3,385,789	3,395,659
OPERATING PROFIT	5	180,420	135,306
Interest payable and similar expenses	6	122,826	107,867
PROFIT BEFORE TAXATION		57,594	27,439
Tax on profit	7	16,467	27,072
PROFIT FOR THE FINANCIAL YEAR		41,127	367

The notes form part of these financial statements

**Other Comprehensive Income
for the Year Ended 31 October 2018**

	Notes	2018 £	2017 £
PROFIT FOR THE YEAR		41,127	367
OTHER COMPREHENSIVE INCOME			
Revaluation of land and buildings		-	715,847
Deferred tax on revaluation		<u>136,011</u>	<u>(136,011)</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		<u>136,011</u>	<u>579,836</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>177,138</u>	<u>580,203</u>

The notes form part of these financial statements

Balance Sheet
31 October 2018

	Notes	2018 £	2017 £
FIXED ASSETS			
Intangible assets	9	5,120	6,400
Tangible assets	10	4,906,513	4,920,807
		<u>4,911,633</u>	<u>4,927,207</u>
CURRENT ASSETS			
Stocks	11	35,500	35,074
Debtors	12	167,749	250,580
Cash at bank and in hand		300,403	67,542
		<u>503,652</u>	<u>353,196</u>
CREDITORS			
Amounts falling due within one year	13	1,261,891	1,379,485
NET CURRENT LIABILITIES		<u>(758,239)</u>	<u>(1,026,289)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,153,394	3,900,918
CREDITORS			
Amounts falling due after more than one year	14	(2,531,802)	(2,196,150)
PROVISIONS FOR LIABILITIES	19	(8,505)	(148,819)
NET ASSETS		<u>1,613,087</u>	<u>1,555,949</u>
CAPITAL AND RESERVES			
Called up share capital	20	2,501	2,501
Revaluation reserve	21	1,607,491	1,481,296
Retained earnings	21	3,095	72,152
SHAREHOLDERS' FUNDS		<u>1,613,087</u>	<u>1,555,949</u>

The notes form part of these financial statements

Balance Sheet - continued
31 October 2018

The financial statements were approved by the Board of Directors on 19 July 2019 and were signed on its behalf by:

A handwritten signature in black ink, appearing to be 'D Craggs', written in a cursive style.

D Craggs - Director

**Statement of Changes in Equity
for the Year Ended 31 October 2018**

	Called up share capital £	Retained earnings £	Revaluation reserve £	Total equity £
Balance at 1 November 2016	2,501	182,546	910,699	1,095,746
Changes in equity				
Dividends	-	(120,000)	-	(120,000)
Total comprehensive income	-	9,606	570,597	580,203
Balance at 31 October 2017	<u>2,501</u>	<u>72,152</u>	<u>1,481,296</u>	<u>1,555,949</u>
Changes in equity				
Dividends	-	(120,000)	-	(120,000)
Total comprehensive income	-	50,943	126,195	177,138
Balance at 31 October 2018	<u><u>2,501</u></u>	<u><u>3,095</u></u>	<u><u>1,607,491</u></u>	<u><u>1,613,087</u></u>

**Cash Flow Statement
for the Year Ended 31 October 2018**

	Notes	2018 £	2017 £
Cash flows from operating activities			
Cash generated from operations	1	309,815	229,129
Interest paid		(92,287)	(77,265)
Interest element of hire purchase payments paid		(539)	(602)
Finance costs paid		(30,000)	(30,000)
Tax paid		(27,072)	(19,233)
Net cash from operating activities		<u>159,917</u>	<u>102,029</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		<u>(59,919)</u>	<u>(125,936)</u>
Net cash from investing activities		<u>(59,919)</u>	<u>(125,936)</u>
Cash flows from financing activities			
New loans in year		1,961,000	-
Loan repayments in year		(1,628,232)	(120,553)
Capital repayments in year		(6,234)	957
Amount introduced by directors		-	17,500
Equity dividends paid		<u>(120,000)</u>	<u>(120,000)</u>
Net cash from financing activities		<u>206,534</u>	<u>(222,096)</u>
Increase/(decrease) in cash and cash equivalents		<u>306,532</u>	<u>(246,003)</u>
Cash and cash equivalents at beginning of year	2	<u>(6,129)</u>	<u>239,874</u>
Cash and cash equivalents at end of year	2	<u><u>300,403</u></u>	<u><u>(6,129)</u></u>

The notes form part of these financial statements

Notes to the Cash Flow Statement
for the Year Ended 31 October 2018

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2018	2017
	£	£
Profit before taxation	57,594	27,439
Depreciation charges	75,493	171,658
Loss on disposal of fixed assets	-	627
Finance costs	<u>122,826</u>	<u>107,867</u>
	255,913	307,591
(Increase)/decrease in stocks	(426)	2,376
Decrease/(increase) in trade and other debtors	65,331	(241,504)
(Decrease)/increase in trade and other creditors	<u>(11,003)</u>	<u>160,666</u>
Cash generated from operations	<u>309,815</u>	<u>229,129</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 October 2018

	31/10/18	1/11/17
	£	£
Cash and cash equivalents	300,403	67,542
Bank overdrafts	<u>-</u>	<u>(73,671)</u>
	<u>300,403</u>	<u>(6,129)</u>

Year ended 31 October 2017

	31/10/17	1/11/16
	£	£
Cash and cash equivalents	67,542	239,874
Bank overdrafts	<u>(73,671)</u>	<u>-</u>
	<u>(6,129)</u>	<u>239,874</u>

**Notes to the Financial Statements
for the Year Ended 31 October 2018**

1. STATUTORY INFORMATION

Beamish Hall Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

There were no material departures from that standard.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

Going concern

The financial statements are prepared on the going concern basis which assumes that the company will continue to trade. However, the validity of the going concern basis is dependent upon the company's ability to continue to operate with the support of the directors and creditors of the company. If the company is unable to continue to trade, adjustments would be required to reduce the value of assets to their recoverable amount, to provide for any further liabilities that might arise and to reclassify fixed assets and long-term liabilities as current assets and liabilities.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements required the use of estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Although these estimates and associated assumptions are based on historical experience and management best knowledge of current events and actions, the actual results may ultimately differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

Depreciation

Depreciation is the area involving estimates and judgements where there is the greatest risk of a material adjustment in future years.

Accounting estimate - Depreciation is charged over an asset's useful economic life on the difference between cost and residual value.

Accounting judgement - Due to their high residual values, the directors have elected not to depreciate freehold land and buildings and works of art, as it is believed that the effect of any depreciation charged would be minimal.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Income recognition

Income is recognised upon delivery of service to the customer.

Internet site costs

Internet site costs are valued at cost less accumulated amortisation and impairment losses. Amortisation is calculated to write off the costs in equal instalments over their useful estimated life of 5 years.

Notes to the Financial Statements - continued
for the Year Ended 31 October 2018

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Land and buildings freehold	- not provided
Plant and machinery	- 5 - 33% on reducing balance
Motor vehicles	- 25% on reducing balance

Tangible fixed assets other than works of art and land and buildings are stated at cost less depreciation. Works of art are not depreciated as the directors believe that the expected useful life to be in excess of 50 years, with high residual values and depreciation would be immaterial.

Land and buildings are recognised initially at cost and subsequently by a revalued amount, being its fair value at the date of revaluation less any subsequent impairment losses further depreciation is not provided due to the constant upkeep of the hotel land and buildings. If an asset's carrying value increases due to a revaluation, the increase is recognised in other comprehensive income, accumulated in equity and the excess over any prior decrease in the profit and loss. If an asset's carrying value decreases due to a revaluation, the decrease is recognised in other comprehensive income and reduces any previous increase that has accumulated in equity for that asset. If the decrease exceeds the accumulated gains the excess is recognised in profit or loss.

Change of accounting estimate

The directors have decided to no longer provide for depreciation on freehold land and buildings.

In their opinion, the continued significant investment in repairs and renewals means that the residual value of the property is such that any depreciation charged would be minimal.

The effect of the change of estimate in the current year is £86,310.

Stocks

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

Cost is calculated using the first-in, first-out method and includes all purchase, transport and handling costs in bringing stocks to their present location and condition

Financial instruments

Debtors

Short term debtors are measured at transaction price. Other financial assets are measured at fair value.

Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Taxation

Taxation for the year comprises current and deferred tax. 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.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Notes to the Financial Statements - continued
for the Year Ended 31 October 2018

2. **ACCOUNTING POLICIES - continued**

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance lease are depreciated over their estimated useful lives or the lease term, whichever is shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

3. **TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	2018	2017
	£	£
Sale of goods	2,964,089	2,983,354
Service income	<u>1,761,953</u>	<u>1,794,463</u>
	<u>4,726,042</u>	<u>4,777,817</u>

4. **EMPLOYEES AND DIRECTORS**

	2018	2017
	£	£
Wages and salaries	2,193,000	2,205,342
Social security costs	107,804	126,381
Other pension costs	<u>19,219</u>	<u>12,674</u>
	<u>2,320,023</u>	<u>2,344,397</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 October 2018**

4. EMPLOYEES AND DIRECTORS - continued

The average number of employees during the year was as follows:

	2018	2017
Hotel staff	164	159
Directors	6	6
Administration	<u>6</u>	<u>6</u>
	<u>176</u>	<u>171</u>

	2018 £	2017 £
Directors' remuneration	<u>71,223</u>	<u>86,910</u>

5. OPERATING PROFIT

The operating profit is stated after charging:

	2018 £	2017 £
Hire of plant and machinery	42,704	47,368
Depreciation - owned assets	72,414	169,524
Depreciation - assets on hire purchase contracts	1,799	534
Loss on disposal of fixed assets	-	627
Internet Site Costs amortisation	1,280	1,600
Auditors' remuneration	<u>8,000</u>	<u>8,000</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2018 £	2017 £
Bank interest	8,465	181
Bank loan interest	83,822	77,084
Hire purchase interest	539	602
Dividends - preference shares	<u>30,000</u>	<u>30,000</u>
	<u>122,826</u>	<u>107,867</u>

7. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2018 £	2017 £
Current tax:		
UK corporation tax	20,770	27,072
Deferred tax	<u>(4,303)</u>	<u>-</u>
Tax on profit	<u>16,467</u>	<u>27,072</u>

Notes to the Financial Statements - continued
for the Year Ended 31 October 2018

7. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2018 £	2017 £
Profit before tax	<u>57,594</u>	<u>27,439</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19%)	10,943	5,213
Effects of:		
Expenses not deductible for tax purposes	6,421	7,112
Capital allowances in excess of depreciation	(897)	-
Depreciation in excess of capital allowances	-	14,632
Tax effects for change in rate of tax during the year	<u>-</u>	<u>115</u>
Total tax charge	<u>16,467</u>	<u>27,072</u>

Tax effects relating to effects of other comprehensive income

	Gross £	2018 Tax £	Net £
Deferred tax on revaluation	-	<u>136,011</u>	-
	<u>-</u>	<u>136,011</u>	<u>-</u>
		2017	
	Gross £	Tax £	Net £
Revaluation of land and buildings	<u>715,847</u>	<u>(136,011)</u>	<u>579,836</u>

8. DIVIDENDS

	2018 £	2017 £
Ordinary shares of £1 each		
Final	<u>120,000</u>	<u>120,000</u>

Notes to the Financial Statements - continued
for the Year Ended 31 October 2018

9. INTANGIBLE FIXED ASSETS

	Internet Site Costs £
COST	
At 1 November 2017 and 31 October 2018	<u>11,100</u>
AMORTISATION	
At 1 November 2017	4,700
Amortisation for year	<u>1,280</u>
At 31 October 2018	<u>5,980</u>
NET BOOK VALUE	
At 31 October 2018	<u>5,120</u>
At 31 October 2017	<u>6,400</u>

10. TANGIBLE FIXED ASSETS

	Land and buildings freehold £	Plant and machinery £	Motor vehicles £	Totals £
COST OR VALUATION				
At 1 November 2017	4,600,000	1,904,188	8,553	6,512,741
Additions	<u>43,722</u>	<u>16,197</u>	-	<u>59,919</u>
At 31 October 2018	<u>4,643,722</u>	<u>1,920,385</u>	<u>8,553</u>	<u>6,572,660</u>
DEPRECIATION				
At 1 November 2017	-	1,591,400	534	1,591,934
Charge for year	<u>-</u>	<u>72,414</u>	<u>1,799</u>	<u>74,213</u>
At 31 October 2018	<u>-</u>	<u>1,663,814</u>	<u>2,333</u>	<u>1,666,147</u>
NET BOOK VALUE				
At 31 October 2018	<u>4,643,722</u>	<u>256,571</u>	<u>6,220</u>	<u>4,906,513</u>
At 31 October 2017	<u>4,600,000</u>	<u>312,788</u>	<u>8,019</u>	<u>4,920,807</u>

Cost or valuation at 31 October 2018 is represented by:

	Land and buildings freehold £	Plant and machinery £	Motor vehicles £	Totals £
Valuation in 2009	3,686,114	-	-	3,686,114
Valuation in 2013	(3,227,528)	-	-	(3,227,528)
Valuation in 2017	398,257	-	-	398,257
Cost	<u>3,786,879</u>	<u>1,920,385</u>	<u>8,553</u>	<u>5,715,817</u>
	<u>4,643,722</u>	<u>1,920,385</u>	<u>8,553</u>	<u>6,572,660</u>

Notes to the Financial Statements - continued
for the Year Ended 31 October 2018

10. **TANGIBLE FIXED ASSETS - continued**

If Land and buildings had not been revalued they would have been included at the following historical cost:

	2018 £	2017 £
Cost	<u>3,786,879</u>	<u>3,743,157</u>
Value of land in freehold land and buildings	<u>3,786,879</u>	<u>3,743,157</u>

Land and buildings were valued on an open market basis on 15 November 2017 by Robert Simpson Property Consultants.

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor vehicles £
COST OR VALUATION	
At 1 November 2017 and 31 October 2018	<u>8,553</u>
DEPRECIATION	
At 1 November 2017	534
Charge for year	<u>1,799</u>
At 31 October 2018	<u>2,333</u>
NET BOOK VALUE	
At 31 October 2018	<u>6,220</u>
At 31 October 2017	<u>8,019</u>

11. **STOCKS**

	2018 £	2017 £
Stocks	<u>35,500</u>	<u>35,074</u>

Stock recognised in cost of sales during the year as an expense was £59,521 (2017: £42,199).

During the year an impairment loss of £17,650 (2017: £Nil) was reversed in cost of sales relating to a stock provision made against slow-moving and obsolete stock.

12. **DEBTORS**

	2018 £	2017 £
Amounts falling due within one year:		
Trade debtors	42,694	150,074
Other debtors	1,991	11,507
Prepayments and accrued income	<u>100,320</u>	<u>72,678</u>
	<u>145,005</u>	<u>234,259</u>

Notes to the Financial Statements - continued
for the Year Ended 31 October 2018

12. **DEBTORS - continued**

	2018 £	2017 £
Amounts falling due after more than one year:		
Directors' loan accounts	<u>22,744</u>	<u>16,321</u>
Aggregate amounts	<u>167,749</u>	<u>250,580</u>

13. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2018 £	2017 £
Bank loans and overdrafts (see note 15)	97,365	195,974
Hire purchase contracts (see note 16)	4,290	5,970
Trade creditors	289,146	279,807
Corporation tax	20,770	27,072
Social security and other taxes	208,890	315,440
Other creditors	557,382	495,400
Accruals and deferred income	<u>84,048</u>	<u>59,822</u>
	<u>1,261,891</u>	<u>1,379,485</u>

14. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2018 £	2017 £
Bank loans (see note 15)	1,778,063	1,420,357
Preference shares (see note 15)	750,000	750,000
Hire purchase contracts (see note 16)	3,739	8,293
Directors' loan accounts	-	17,500
	<u>2,531,802</u>	<u>2,196,150</u>

15. **LOANS**

An analysis of the maturity of loans is given below:

	2018 £	2017 £
Amounts falling due within one year or on demand:		
Bank overdrafts	-	73,671
Bank loans	<u>97,365</u>	<u>122,303</u>
	<u>97,365</u>	<u>195,974</u>
Amounts falling due between one and two years:		
Bank loans 1-2 years	<u>1,778,063</u>	<u>1,420,357</u>
Amounts falling due in more than five years:		
Repayable otherwise than by instalments		
Preference shares	<u>750,000</u>	<u>750,000</u>

The bank loan is repayable over 10 years and interest is charged at 5.04% per annum.

Notes to the Financial Statements - continued
for the Year Ended 31 October 2018

15. **LOANS - continued**

Details of shares shown as liabilities are as follows:

Allotted, issued and fully paid:		Nominal value:	2018	2017
Number:	Class:		£	£
750,000	4% Preference	£1	<u>750,000</u>	<u>750,000</u>

16. **LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

		Hire purchase contracts	
		2018	2017
		£	£
Net obligations repayable:			
Within one year		4,290	5,970
Between one and five years		<u>3,739</u>	<u>8,293</u>
		<u>8,029</u>	<u>14,263</u>

		Non-cancellable operating leases	
		2018	2017
		£	£
Within one year		21,460	24,043
Between one and five years		18,816	29,043
In more than five years		<u>10,140</u>	<u>11,364</u>
		<u>50,416</u>	<u>64,450</u>

17. **SECURED DEBTS**

The following secured debts are included within creditors:

	2018	2017
	£	£
Bank overdraft	-	73,671
Bank loans	1,875,428	1,542,660
Hire purchase contracts	<u>8,029</u>	<u>14,263</u>
	<u>1,883,457</u>	<u>1,630,594</u>

The bank loan is secured by a fixed charge over the company's freehold property together with a standard debenture over the assets of the company.

Hire purchase contracts are secured on the assets to which they relate.

The bank overdraft is secured by way of a fixed and floating charge over the assets of the company.

Notes to the Financial Statements - continued
for the Year Ended 31 October 2018

18. FINANCIAL INSTRUMENTS

	2018 £	2017 £
Financial assets		
Measured at amortised cost:	<u>145,005</u>	<u>234,259</u>
Financial liabilities		
Measured at amortised cost:	<u>3,590,806</u>	<u>3,171,952</u>

Financial assets include trade debtors, other debtors and prepayments. Financial liabilities include bank loans and overdrafts, other loans, hire purchase agreements, trade creditors, other creditors and accruals.

19. PROVISIONS FOR LIABILITIES

	2018 £	2017 £
Deferred tax	<u>8,505</u>	<u>148,819</u>
		Deferred tax
		£
Balance at 1 November 2017		148,819
Accelerated capital allowances		(4,303)
Deferred tax on revaluation		<u>(136,011)</u>
Balance at 31 October 2018		<u>8,505</u>

20. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2018	2017
Number:	Class:	Nominal value:	£	£
2,501	Ordinary	£1	<u>2,501</u>	<u>2,501</u>

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

Notes to the Financial Statements - continued
for the Year Ended 31 October 2018

21. RESERVES

	Retained earnings £	Revaluation reserve £	Totals £
At 1 November 2017	72,152	1,481,296	1,553,448
Profit for the year	41,127		41,127
Dividends	(120,000)		(120,000)
Revaluation reserve transfer	9,816	126,195	136,011
At 31 October 2018	<u>3,095</u>	<u>1,607,491</u>	<u>1,610,586</u>

Retained earnings includes all current and prior period profits and losses. Revaluation reserve includes all current and prior period gains and losses on revaluation of the property including any associated deferred tax.

22. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to a director subsisted during the years ended 31 October 2018 and 31 October 2017:

	2018 £	2017 £
D Craggs		
Balance outstanding at start of year	16,321	-
Amounts advanced	6,423	16,321
Amounts repaid	-	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>22,744</u>	<u>16,321</u>

No interest has been charged on this balance.

23. RELATED PARTY TRANSACTIONS

There were no related party transactions other than those concluded under normal market conditions other than those detailed below:

	2018 £	2017 £
Amounts due from directors	22,744	16,321
Amounts due (to) directors	-	(17,500)
Other related parties:		
Amounts due from related parties	-	29,063
Amounts due (to) related parties	(10,253)	(20)
Key management:		
Key management remuneration	<u>74,758</u>	<u>92,165</u>

No interest was charged on these balances.

24. ULTIMATE CONTROLLING PARTY

The company is controlled by its directors.