Registered number: 04899624

EDWARD BENCE HOTELS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019

Bishop Fleming

COMPANY INFORMATION

DIRECTORS	Edward John Bence Sarah Elizabeth Bence Lucinda Elizabeth Chamings Edward James Bence
COMPANY SECRETARY	Mr E J Bence
REGISTERED NUMBER	04899624
REGISTERED OFFICE	Chy Nyverow Newham Road Truro Cornwall TR1 2DP
INDEPENDENT AUDITORS	Bishop Fleming LLP Chartered Accountants & Statutory Auditors Chy Nyverow Newham Road Truro Cornwall TR1 2DP

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GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 OCTOBER 2019

BUSINESS REVIEW

The company has two outlets:

The Berry Head Hotel in Brixham Devon

AA 4 star 32 bedroom hotel with extensive non resident food and beverage business and Function/event Business

The Hannafore Point Hotel Looe Cornwall

AA 3 star 37 bedroom Hotel and Spa facility with some non resident Food and Beverage and Function business

2018/2019 represented a successful year of trading in both hotels and particularly at the Berry Head with consolidated net turnover of £3,844,540 achieving an increase of £194,059 over the previous year being an increase of 5.31%.

Cost of sales at £852,808 produced a Gross Profit of 78% being an improvement on prior year of 1% achieved with the introduction toward the end of the year of a part time purchasing manager.

Administrative expenses increased by £111,542 mainly due to the impact of the increased minimum wage and the step up of pension contributions. This increase was further exacerbated by the difficulty in recruiting skilled staff especially in the kitchen area.

Net Profit before Tax was £309,141 representing a profit return on sales of 8.04% being greater than the industry current norm.

At the end of October 2019 work began on the development of 5 one bedroom apartments at the Berry Head Hotel being a projected investment of £1,200,000 and due for completion at the end of June 2020. This development was delayed by the Covid Pandemic and is now due for completion at the end of September. The development is funded separately with a new development loan from Nat West Bank.

PRINCIPAL RISKS AND UNCERTAINTIES

The directors have assessed the impact of the COVID-19 pandemic on the Group's ability to continue as a going concern. The directors have prepared cash flow forecasts covering the next 12 months which indicate that the group will continue as a going concern. The Group has a business continuity plan in place and the directors believe there are sufficient financial resources available to reduce the impact of any unforeseen events. The directors believe that the impact of the COVID-19 pandemic, although uncertain, will be mitigated as a result.

The directors recognise however that there is a high level of unpredictability and uncertainty regarding the future impact of the COVID-19 pandemic and are therefore continuing to monitor developments in a rapidly changing business environment and will endeavour to take further steps as required to ensure the Group is able to function for the foreseeable future.

The directors are optimistic that, once the above situation is resolved or under control, the Group will continue to operate profitably. A number of 2020 weddings have been postponed until 2021 which together with weddings already booked for that year should increase the function business level that year. This also applies to room bookings which are postponed until 2021. In addition an increase in enquiries for future bookings is already being seen and the Board consider that an upturn in UK leisure business is likely as customers remain nervous regarding overseas travel.

The business in normal circumstances continues to grow and there is no reason to suppose that it will not continue to do so in the long term once some security and normality returns. The shorter term however is more difficult if not impossible to predict however our initial reopening trade levels coupled with the funding held in reserve is believed to provide us with a fair measure of security for sustainability during the current period of unprecedented challenge.

FINANCIAL KEY PERFORMANCE INDICATORS

Management regularly review a wide range of financial and operational performance indicators against standard benchmarks used in the hospitality industry and are satisfied with current performance against these indicators.

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

Edward John Bence
Director

Date: 2 September 2020

The directors present their report and the financial statements for the year ended 31 October 2019.

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

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

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £235,431 (2018: £176,071).

Dividends were paid in the year amounting to £12,500 (2018: £12,500).

DIRECTORS

The directors who served during the year were:

Edward John Bence
Sarah Elizabeth Bence
Lucinda Elizabeth Chamings
Edward James Bence

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

POST BALANCE SHEET EVENTS

There were no post balance sheet events.

AUDITORS

The auditors, Bishop Fleming LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

Edward John Bence
Director

Date: 2 September 2020

Chy Nyverow
Newham Road
Truro
Cornwall
TR1 2DP

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EDWARD BENCE HOTELS LIMITED

OPINION

We have audited the financial statements of Edward Bence Hotels Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 October 2019, which comprise the Group Statement of income and retained earnings, the Group and Company Statements of financial position, the Group 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 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 of the parent Company's affairs as at 31 October 2019 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2.3 in the financial statements, which refers to the significant challenges and uncertainties caused by the current Coronavirus (COVID-19) pandemic. The company is reliant on the business being able to operate reasonably in line with the Directors' forecasts. As stated in note 2.3, the significant challenges and uncertainties caused by this pandemic may result in circumstances which are not forecast and therefore indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 Auditors' 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.

OPINION 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 Group 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 Group 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 Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group 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 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 Directors' responsibilities statement on page 3, 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.

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 an Auditors' 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. This description forms part of our Auditors' report.

USE OF OUR REPORT

This report is made solely to the Company's members 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 Auditors' 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 for our audit work, for this report, or for the opinions we have formed.

Alison Oliver FCA (Senior statutory auditor)
for and on behalf of
Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
Chy Nyverow
Newham Road
Truro
Cornwall
TR1 2DP

22 September 2020

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 OCTOBER 2019

	2019 £	2018 £
Turnover	**3,844,540**	3,650,481
Cost of sales	**(852,808)**	(839,752)
GROSS PROFIT	**2,991,732**	2,810,729
Administrative expenses	**(2,625,280)**	(2,513,738)
OPERATING PROFIT	**366,452**	296,991
Interest receivable and similar income	**1,087**	-
Interest payable and expenses	**(58,398)**	(59,480)
PROFIT BEFORE TAX	**309,141**	237,511
Tax on profit	**(73,710)**	(61,440)
PROFIT AFTER TAX	**235,431**	176,071
Retained earnings at the beginning of the year	**2,902,811**	2,739,240
	2,902,811	2,739,240
Profit for the year attributable to the owners of the parent	**235,431**	176,071
Dividends declared and paid	**(12,500)**	(12,500)
RETAINED EARNINGS AT THE END OF THE YEAR	**3,125,742**	2,902,811

The notes on pages 12 to 26 form part of these financial statements.

EDWARD BENCE HOTELS LIMITED
REGISTERED NUMBER:04899624

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2019

	Note		2019 £		2018 £
FIXED ASSETS					
Intangible assets	10		**(1,921)**		(2,564)
Tangible assets	11		**4,065,879**		3,930,131
			4,063,958		3,927,567
CURRENT ASSETS					
Stocks	13	**48,192**		49,302	
Debtors	14	**149,485**		141,340	
Cash at bank and in hand	15	**1,052,462**		1,035,994	
		1,250,139		1,226,636	
Creditors: amounts falling due within one year	16	**(775,936)**		(717,309)	
NET CURRENT ASSETS			**474,203**		509,327
TOTAL ASSETS LESS CURRENT LIABILITIES			**4,538,161**		4,436,894
Creditors: amounts falling due after more than one year	17		**(1,278,960)**		(1,410,981)
PROVISIONS FOR LIABILITIES					
Deferred taxation	21	**(133,259)**		(122,902)	
			(133,259)		(122,902)
NET ASSETS			**3,125,942**		2,903,011
CAPITAL AND RESERVES					
Called up share capital			**200**		200
Profit and loss account			**3,125,742**		2,902,811
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY			**3,125,942**		2,903,011

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

Edward John Bence
Director

Date: 2 September 2020

The notes on pages 12 to 26 form part of these financial statements.

EDWARD BENCE HOTELS LIMITED
REGISTERED NUMBER:04899624

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2019

	Note		2019 £		2018 £
FIXED ASSETS					
Investments	12		**1,179,292**		1,179,292
			1,179,292		1,179,292
CURRENT ASSETS					
Debtors	14	**254,725**		254,725	
Cash at bank and in hand	15	**74,176**		124,676	
		328,901		379,401	
Creditors: amounts falling due within one year	16	**(540,104)**		(584,785)	
NET CURRENT LIABILITIES			**(211,203)**		(205,384)
TOTAL ASSETS LESS CURRENT LIABILITIES			**968,089**		973,908
NET ASSETS			**968,089**		973,908
CAPITAL AND RESERVES					
Called up share capital			**200**		200
Profit and loss account brought forward		**970,851**		976,764	
Profit for the year		**9,538**		9,444	
Other changes in the profit and loss account		**(12,500)**		(12,500)	
Profit and loss account carried forward			**967,889**		973,708
			968,089		973,908

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

Edward John Bence
Director

Date: 2 September 2020

The notes on pages 12 to 26 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 OCTOBER 2019

	2019 £	2018 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss)	**235,431**	176,071
ADJUSTMENTS FOR:		
Amortisation of intangible assets	**(641)**	4,360
Depreciation of tangible assets	**193,003**	176,594
Interest paid	**58,398**	59,480
Interest received	**(1,087)**	-
Taxation charge	**73,710**	61,440
Decrease/(increase) in stocks	**1,111**	(1,729)
(Increase) in debtors	**(8,147)**	(5,179)
(Decrease)/increase in creditors	**(145,148)**	5,192
Corporation tax (paid)	**(53,943)**	(42,158)
NET CASH GENERATED FROM OPERATING ACTIVITIES	**352,687**	434,071
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible fixed assets	**(328,752)**	(238,518)
Interest received	**1,087**	-
NET CASH FROM INVESTING ACTIVITIES	**(327,665)**	(238,518)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loans	**(46,520)**	(35,509)
Repayment of/new finance leases	**90,062**	-
Dividends paid	**(12,500)**	(12,500)
Interest paid	**(58,398)**	(59,480)
NET CASH USED IN FINANCING ACTIVITIES	**(27,356)**	(107,489)
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(2,334)**	88,064
Cash and cash equivalents at beginning of year	**949,688**	861,624
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	**947,354**	949,688
CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:		
Cash at bank and in hand	**1,052,462**	1,035,994
Bank overdrafts	**(105,108)**	(86,306)
	947,354	949,688

The notes on pages 12 to 26 form part of these financial statements.

1. GENERAL INFORMATION

Edward Bence Hotels Limited is a private company limited by shares and incorporated in England and Wales, its registered office is C/O Bishop Fleming, Chy Nyverow, Newham Road, Truro, Cornwall, TR1 2DP. The company's principal activity during the year was that of hotel ownership and management.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of income and retained earnings in these financial statements.

The following principal accounting policies have been applied:

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of income and retained earnings from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 November 2017.

2.3 GOING CONCERN

The directors have assessed the impact of the COVID-19 pandemic on the Group's ability to continue as a going concern. The directors have prepared cash flow forecasts covering the next 12 months which indicate that the group will continue as a going concern. The Group has a business continuity plan in place and the directors believe there are sufficient financial resources available to reduce the impact of any unforeseen events. The directors believe that the impact of the COVID-19 pandemic, although uncertain, will be mitigated as a result. The directors recognise however that there is a high level of unpredictability and uncertainty regarding the future impact of the COVID-19 pandemic which indicates the existence of a material uncertainty which would cast doubt over the Group's ability to continue as a going concern.

The financial impact of COVID-19 has been assessed by the directors and they believe there are sufficient financial resources available to address the expected financial impact. On this basis, and having considered the current situation on COVID-19 as noted in the directors' report, the directors have concluded it is appropriate that the financial statements have been prepared on a going concern basis.

2. ACCOUNTING POLICIES (continued)

2.4 REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 INTEREST INCOME

Interest income is recognised in profit or loss using the effective interest method.

2.6 FINANCE COSTS

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.7 BORROWING COSTS

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2. ACCOUNTING POLICIES (continued)

2.8 PENSIONS

DEFINED CONTRIBUTION PENSION PLAN

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

2.9 CURRENT AND DEFERRED TAXATION

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2. ACCOUNTING POLICIES (continued)

2.10 INTANGIBLE ASSETS

GOODWILL

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated statement of income and retained earnings over its useful economic life.

OTHER INTANGIBLE ASSETS

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Goodwill	-	20 years
Negative Goodwill	-	20 years

2.11 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method and the reducing balance basis.

Depreciation is provided on the following basis:

Freehold property	-	2% straight line
Plant and machinery	-	15% reducing balance
Motor vehicles	-	20% - 25% reducing balance
Fixtures and fittings	-	10% - 20% reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.12 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment.

2. ACCOUNTING POLICIES (continued)

2.13 STOCKS

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.14 DEBTORS

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.15 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.16 CREDITORS

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

2.17 PROVISIONS FOR LIABILITIES

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.18 FINANCIAL INSTRUMENTS

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

2.19 DIVIDENDS

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. TURNOVER

An analysis of turnover by class of business is as follows:

	2019 £	2018 £
Accomodation	**1,182,092**	1,058,507
Food	**1,626,275**	1,610,299
Beverage	**850,389**	818,076
Other	**185,784**	163,599
	3,844,540	3,650,481

All turnover arose within the United Kingdom.

4. AUDITORS' REMUNERATION

	2019 £	2018 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	**10,500**	10,500

FEES PAYABLE TO THE GROUP'S AUDITOR AND ITS ASSOCIATES IN RESPECT OF:

	2019 £	2018 £
All other services	**11,084**	12,040
	11,084	12,040

5. EMPLOYEES

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

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Wages and salaries	1,424,820	1,338,954	-	-
Social security costs	52,844	50,382	-	-
Cost of defined contribution scheme	17,856	10,532	-	-
	1,495,520	1,399,868	-	-

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

Group 2019 No.	Group 2018 No.	Company 2019 No.	Company 2018 No.
96	93	4	4

6. DIRECTORS' REMUNERATION

	2019 £	2018 £
Directors' emoluments	96,000	89,000
	96,000	89,000

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019 £	2018 £
Bank interest payable	42,648	44,480
Other loan interest payable	15,750	15,000
	58,398	59,480

8. TAXATION

	2019	2018
	£	£
CORPORATION TAX		
Current tax on profits for the year	**63,353**	53,977
	63,353	53,977
TOTAL CURRENT TAX	**63,353**	53,977
DEFERRED TAX		
Origination and reversal of timing differences	**10,357**	7,463
TOTAL DEFERRED TAX	**10,357**	7,463
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	**73,710**	61,440

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than (2018: higher than) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019	2018
	£	£
Profit on ordinary activities before tax	**309,141**	237,511
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	**58,737**	45,127
EFFECTS OF:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**112**	110
Fixed assets differences	**16,955**	17,414
Other differences leading to an increase (decrease) in the tax charge	**(2,094)**	(1,211)
TOTAL TAX CHARGE FOR THE YEAR	**73,710**	61,440

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There were no factors that may affect future tax charges.

9. DIVIDENDS

	2019	2018
	£	£
Dividends paid	12,500	12,500
	12,500	12,500

10. INTANGIBLE ASSETS

Group and Company

	Goodwill	Negative goodwill	Total
	£	£	£
COST			
At 1 November 2018	150,000	(12,808)	137,192
At 31 October 2019	150,000	(12,808)	137,192
AMORTISATION			
At 1 November 2018	150,000	(10,244)	139,756
Charge for the year	-	(643)	(643)
At 31 October 2019	150,000	(10,887)	139,113
NET BOOK VALUE			
At 31 October 2019	-	(1,921)	(1,921)
At 31 October 2018	-	(2,564)	(2,564)

11. TANGIBLE FIXED ASSETS

Group

	Freehold property	Plant and machinery	Motor vehicles	Fixtures and fittings	Total
	£	£	£	£	£
COST OR VALUATION					
At 1 November 2018	**4,920,736**	**733,376**	**78,119**	**681,161**	**6,413,392**
Additions	**143,880**	**53,090**	**-**	**131,782**	**328,752**
At 31 October 2019	**5,064,616**	**786,466**	**78,119**	**812,943**	**6,742,144**
DEPRECIATION					
At 1 November 2018	**1,415,820**	**499,630**	**42,841**	**524,971**	**2,483,262**
Charge for the year on owned assets	**98,593**	**39,187**	**8,819**	**27,728**	**174,327**
Charge for the year on financed assets	**-**	**3,846**	**-**	**14,830**	**18,676**
At 31 October 2019	**1,514,413**	**542,663**	**51,660**	**567,529**	**2,676,265**
NET BOOK VALUE					
At 31 October 2019	**3,550,203**	**243,803**	**26,459**	**245,414**	**4,065,879**
At 31 October 2018	3,504,916	233,746	35,278	156,190	3,930,130

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

	2019	2018
	£	£
Plant and machinery	**26,233**	4,925
Furniture, fittings and equipment	**72,468**	-
	98,701	4,925

12. FIXED ASSET INVESTMENTS

Company

	Investments in subsidiary companies
	£
COST OR VALUATION	
At 1 November 2018	1,179,292
At 31 October 2019	1,179,292

SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding
Berry Head Limited	Ordinary	100 %
Hannafore Point Limited	Ordinary	100 %

The aggregate of the share capital and reserves as at 31 October 2019 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves	Profit/(Loss)
	£	£
Berry Head Limited	2,232,003	249,711
Hannafore Point Limited	(590,991)	27,544

13. STOCKS

	Group 2019	Group 2018
	£	£
Finished goods and goods for resale	48,192	49,302
	48,192	49,302

14. DEBTORS

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Trade debtors	37,413	26,595	-	-
Amounts owed by group undertakings	-	-	180,000	180,000
Other debtors	71,863	70,875	69,000	69,000
Prepayments and accrued income	40,209	43,870	-	-
Deferred taxation	-	-	5,725	5,725
	149,485	141,340	254,725	254,725

15. CASH AND CASH EQUIVALENTS

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Cash at bank and in hand	1,052,462	1,035,994	74,176	124,676
Less: bank overdrafts	(105,108)	(86,306)	-	-
	947,354	949,688	74,176	124,676

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Bank overdrafts	105,108	86,306	-	-
Bank loans	47,110	51,815	-	-
Trade creditors	100,969	130,312	-	-
Amounts owed to group undertakings	-	-	533,779	578,460
Corporation tax	63,353	53,943	-	-
Other taxation and social security	243,783	192,919	-	-
Obligations under finance lease and hire purchase contracts	36,762	-	-	-
Other creditors	147,619	161,686	-	-
Accruals and deferred income	31,232	40,328	6,325	6,325
	775,936	717,309	540,104	584,785

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2019 £	Group 2018 £
Bank loans	1,210,852	1,252,667
Net obligations under finance leases and hire purchase contracts	53,300	-
Other creditors	14,808	158,314
	1,278,960	1,410,981

18. LOANS

	Group 2019 £	Group 2018 £
AMOUNTS FALLING DUE WITHIN ONE YEAR		
Bank loans	47,110	51,815
	47,110	51,815
AMOUNTS FALLING DUE 2-5 YEARS		
Bank loans	1,210,852	1,252,667
	1,210,852	1,252,667
	1,257,962	1,304,482

Bank loans are secured by the assets of the group as a whole.

19. HIRE PURCHASE AND FINANCE LEASES

Minimum lease payments under hire purchase fall due as follows:

	Group 2019 £	Group 2018 £
Within one year	36,762	-
Between 1-5 years	53,300	-
	90,062	-

20. FINANCIAL INSTRUMENTS

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
FINANCIAL ASSETS				
Financial assets measured at amortised cost	**1,209,930**	1,226,636	**328,901**	379,401
FINANCIAL LIABILITIES				
Financial liabilites measured at amortised cost	**(2,054,896)**	(2,128,290)	**(540,104)**	(584,785)

Financial assets measured at amortised cost comprise total debtors less prepayments.

Financial liabilities measured at amortised cost comprise total creditors less deferred income.

21. DEFERRED TAXATION

Group

	2019 £
At beginning of year	**(122,902)**
Charged to profit or loss	**(10,357)**
AT END OF YEAR	**(133,259)**

Company

	2019 £
At beginning of year	**5,725**
AT END OF YEAR	**5,725**

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Accelerated capital allowances	**(150,365)**	(133,418)	**-**	-
Tax losses carried forward	**9,479**	10,516	**5,725**	5,725
Short term timing differences	**7,627**	-	**-**	-
	(133,259)	(122,902)	**5,725**	5,725

22. SHARE CAPITAL

	2019	2018
	£	£
ALLOTTED, CALLED UP AND FULLY PAID		
200 (2018: 200) Ordinary shares of £1.00 each	**200**	200

23. RESERVES

Profit and loss account

This reserve represents the accumulation of prior and current period profits and losses.

24. PENSION COMMITMENTS

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £17,856 (2018: £10,532).

25. RELATED PARTY TRANSACTIONS

IIncluded in other creditors due in over 1 year is £12,473 (2018: £155,729) due to Mr E J Bence and Mrs S E Bence, directors of the group. Interest is charged on this loan at 10% per annum. It has been agreed that this amount will not be repaid until after the group has repaid its bank loans

Included within other debtors is £70,988 (2018: £70,000) which is due from Edward Bence Property Limited, a company in which Mr Edward James Bence Jr is a director. During the year, rent of £7,200 (2018: £7,200) was paid to Edward Bence Property Limited.

The company has taken advantage of the exemption available in section 33.1A of FRS102 and not disclosed transactions with other members of a 100% group.

26. CONTROLLING PARTY

The controlling party is Mr Edward John Bence by virtue of his shareholding.

27. FINANCIAL GUARANTEE

The company and its subsidiary undertakings have total bank loans amounting to £1,257,962 (2018: £1,304,482) which are secured on the assets of the group as a whole.