

Go's House

COMPANY REGISTRATION NUMBER: 09606831

Vine Hotels Limited
Financial Statements
31 March 2018

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HEBBLETHWAITES

Chartered Accountants & Statutory Auditors
2 Westbrook Court
Sharrow Vale Road
Sheffield
S11 8YZ

Vine Hotels Limited

Financial Statements

Year ended 31 March 2018

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Vine Hotels Limited

Officers and Professional Advisers

The board of directors

Mr G Dyke
Ms S Howes
Mr A G Rouse
Mr G Davies

Registered office

C/O Director of Finance
Kenwood Hall Hotel
Kenwood Road
Sheffield
S7 1NQ

Auditor

Hebblethwaites
Chartered Accountants & Statutory Auditors
2 Westbrook Court
Sharrow Vale Road
Sheffield
S11 8YZ

Vine Hotels Limited

Strategic Report

Year ended 31 March 2018

The directors are pleased to report a year of consolidation and growth throughout the group. this giving rise to an improvement in financial performance, which improvement is ongoing, with a strong platform established for future development, growth and profitability.

The key performance indicators for the year, and for the group, were as follows:

	2018 £	2017 £
Net profit (2017 loss) for the year	2,476,945	128,652
EBITDA	625,254	694,007

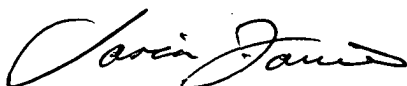
The group has increased its gross profit return from 53.10% to 53.83%, however, an increase in general costs has led to a fall in EBITDA of £68,753 for the year. The group has taken steps to minimise the increase in costs which should result in a positive impact on profitability and ongoing prospects.

During the year end period, the group has completed the extension to its Sheffield hotel, this creating prospects of further growth and profitability and expanding market share.

The directors believe that the group will enjoy consolidated profits in the ensuing years, with ongoing projects in place to build on the platform which has now been established.

As the economic climate improves, the group is well placed to exploit the opportunities which are expected to become available in the market place.

This report was approved by the board of directors on 5/11/2018 and signed on behalf of the board by:



Mr G Davies
Director

Registered office:
C/O Director of Finance
Kenwood Hall Hotel
Kenwood Road
Sheffield
S7 1NQ

Vine Hotels Limited

Directors' Report

Year ended 31 March 2018

The directors present their report and the financial statements of the group for the year ended 31 March 2018.

Directors

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

Mr G Dyke
Ms S Howes
Mr A G Rouse
Mr G Davies

Dividends

Particulars of recommended dividends are detailed in note 12 to the financial statements.

Future developments

The group has no current plans to add to its two hotels.

Financial instruments

The group's principal financial instruments comprise bank facilities, trade debtors, trade creditors and directors loans. The main purpose of these instruments are to raise funds and to finance the group's operations. Due to the nature of the financial instruments used by the group there is no exposure to price risk.

The group's approach to managing other risks applicable to the financial instruments concerned is shown below.

In respect of bank facilities the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of day to day bank facilities and medium term bank loans.

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 that sufficient funds are available to meet amounts due.

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 group and the company and the profit or loss of the group for that period.

Vine Hotels Limited

Directors' Report *(continued)*

Year ended 31 March 2018

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 group and 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 group and the company's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 5/11/2018 and signed on behalf of the board by:



Mr G Davies
Director

Registered office:
C/O Director of Finance
Kenwood Hall Hotel
Kenwood Road
Sheffield
S7 1NQ

Vine Hotels Limited

Independent Auditor's Report to the Members of Vine Hotels Limited

Year ended 31 March 2018

Opinion

We have audited the financial statements of Vine Hotels Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2018 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated 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 group's and of the parent company's affairs as at 31 March 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group 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 group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Vine Hotels Limited

Independent Auditor's Report to the Members of Vine Hotels Limited *(continued)*

Year ended 31 March 2018

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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report 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.

Vine Hotels Limited

Independent Auditor's Report to the Members of Vine Hotels Limited *(continued)*

Year ended 31 March 2018

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.

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

Auditor's responsibilities for the audit of the financial statements

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

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 group's 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 group's or the parent 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 group or the parent 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.
 - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
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Vine Hotels Limited

Independent Auditor's Report to the Members of Vine Hotels Limited *(continued)*

Year ended 31 March 2018

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.

Andrew Throssell (Senior Statutory Auditor)

For and on behalf of
Hebblethwaites
Chartered Accountants & Statutory Auditors
2 Westbrook Court
Sharrow Vale Road
Sheffield
S11 8YZ

8 November 2018

Vine Hotels Limited

Consolidated Statement of Comprehensive Income

Year ended 31 March 2018

	Note	2018 £	2017 £
Turnover	4	6,840,257	6,356,044
Cost of sales		(3,157,683)	(2,981,045)
Gross profit		3,682,574	3,374,999
Administrative expenses		(3,428,909)	(3,039,906)
Operating profit	5	253,665	335,093
Gain on financial assets at fair value through profit or loss		2,738,606	–
Other interest receivable and similar income	9	189	1,668
Interest payable and similar expenses	10	(515,515)	(465,413)
Profit/(loss) before taxation		2,476,945	(128,652)
Tax on profit/(loss)	11	–	–
Profit/(loss) for the financial year and total comprehensive income		<u>2,476,945</u>	<u>(128,652)</u>

All the activities of the group are from continuing operations.

The notes on pages 15 to 29 form part of these financial statements.

Vine Hotels Limited

Consolidated Statement of Financial Position

31 March 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	13	2,229,437	2,527,016
Tangible assets	14	<u>12,058,116</u>	<u>6,626,237</u>
		14,287,553	9,153,253
Current assets			
Stocks	17	136,081	143,095
Debtors	18	5,126,388	6,925,401
Cash at bank and in hand		<u>430,593</u>	<u>334,975</u>
		5,693,062	7,403,471
Creditors: amounts falling due within one year	19	<u>2,097,576</u>	<u>4,790,027</u>
Net current assets		3,595,486	2,613,444
Total assets less current liabilities		17,883,039	11,766,697
Creditors: amounts falling due after more than one year	20	<u>14,665,890</u>	<u>11,026,493</u>
Net assets		<u>3,217,149</u>	<u>740,204</u>
Capital and reserves			
Called up share capital	24	432,353	432,353
Non-distributable revaluation reserve	25	3,459,549	720,943
Profit and loss account	25	<u>(674,753)</u>	<u>(413,092)</u>
Shareholders funds		<u>3,217,149</u>	<u>740,204</u>

These financial statements were approved by the board of directors and authorised for issue on 5/4/2018, and are signed on behalf of the board by:



Mr G Davies
Director

Company registration number: 09606831

Vine Hotels Limited

Company Statement of Financial Position

31 March 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	14	19,006	–
Investments	16	<u>1,459,657</u>	<u>1,459,657</u>
		1,478,663	1,459,657
Current assets			
Debtors	18	3,245,765	2,138,161
Cash at bank and in hand		<u>28,502</u>	<u>99,436</u>
		3,274,267	2,237,597
Creditors: amounts falling due within one year	19	<u>469,649</u>	<u>2,243,151</u>
Net current assets/(liabilities)		2,804,618	(5,554)
Total assets less current liabilities		4,283,281	1,454,103
Creditors: amounts falling due after more than one year	20	<u>3,900,000</u>	<u>1,000,000</u>
Net assets		<u>383,281</u>	<u>454,103</u>
Capital and reserves			
Called up share capital	24	432,353	432,353
Profit and loss account	25	<u>(49,072)</u>	<u>21,750</u>
Shareholders funds		<u>383,281</u>	<u>454,103</u>

The loss for the financial year of the parent company was £70,822 (2017: £9,476 profit).

These financial statements were approved by the board of directors and authorised for issue on 5.4.2018, and are signed on behalf of the board by:



Mr G Davies
Director

Company registration number: 09606831

The notes on pages 15 to 29 form part of these financial statements.

Vine Hotels Limited

Consolidated Statement of Changes in Equity

Year ended 31 March 2018

	Called up share capital £	Non- distributable revaluation reserve £	Profit and loss account £	Total £
At 1 April 2016	432,353	720,943	(284,440)	868,856
Loss for the year	—	—	(128,652)	(128,652)
Total comprehensive income for the year	—	—	(128,652)	(128,652)
At 31 March 2017	432,353	720,943	(413,092)	740,204
Profit for the year	—	—	2,476,945	2,476,945
Other comprehensive income for the year:				
Property revaluation	—	2,738,606	(2,738,606)	—
Total comprehensive income for the year	—	2,738,606	(261,661)	2,476,945
At 31 March 2018	<u>432,353</u>	<u>3,459,549</u>	<u>(674,753)</u>	<u>3,217,149</u>

The notes on pages 15 to 29 form part of these financial statements.

Vine Hotels Limited

Company Statement of Changes in Equity

Year ended 31 March 2018

	Called up share capital £	Profit and loss account £	Total £
At 1 April 2016	432,353	12,274	444,627
Profit for the year	—	9,476	9,476
Total comprehensive income for the year	—	9,476	9,476
At 31 March 2017	432,353	21,750	454,103
Loss for the year	—	(70,822)	(70,822)
Total comprehensive income for the year	—	(70,822)	(70,822)
At 31 March 2018	<u>432,353</u>	<u>(49,072)</u>	<u>383,281</u>

The notes on pages 15 to 29 form part of these financial statements.

Vine Hotels Limited

Consolidated Statement of Cash Flows

Year ended 31 March 2018

	2018 £	2017 £
Cash flows from operating activities		
Profit/(loss) for the financial year	2,476,945	(128,652)
<i>Adjustments for:</i>		
Depreciation of tangible assets	74,010	60,432
Amortisation of intangible assets	297,579	298,482
Gain on financial assets at fair value through profit or loss	(2,738,606)	–
Other interest receivable and similar income	(190)	(1,668)
Interest payable and similar expenses	515,515	465,413
Accrued expenses/(income)	186,092	(154,348)
<i>Changes in:</i>		
Stocks	7,014	(7,048)
Trade and other debtors	1,799,013	(1,319,319)
Trade and other creditors	(1,262,975)	553,786
Cash generated from operations	1,354,397	(232,922)
Interest paid	(515,515)	(465,413)
Interest received	189	1,668
Dividends paid	100,000	100,000
Net cash from/(used in) operating activities	<u>939,071</u>	<u>(596,667)</u>
Cash flows from investing activities		
Purchase of tangible assets	(2,767,282)	(913,730)
Purchase of intangible assets	–	(9,355)
Net cash used in investing activities	<u>(2,767,282)</u>	<u>(923,085)</u>
Cash flows from financing activities		
Proceeds from borrowings	635,000	(265,000)
Proceeds from loans from participating interests	274,933	–
Proceeds from finance lease liabilities	1,013,896	552,956
Net cash from financing activities	<u>1,923,829</u>	<u>287,956</u>
Net increase/(decrease) in cash and cash equivalents	95,618	(1,231,796)
Cash and cash equivalents at beginning of year	334,975	1,566,771
Cash and cash equivalents at end of year	<u>430,593</u>	<u>334,975</u>

The notes on pages 15 to 29 form part of these financial statements.

Vine Hotels Limited

Notes to the Financial Statements

Year ended 31 March 2018

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is C/O Director of Finance, Kenwood Hall Hotel, Kenwood Road, Sheffield, S7 1NQ.

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

Going concern

The financial statements have been prepared on a going concern basis.

After excluding unrealised gains from property revaluations, the group has recorded a loss for the year and certain subsidiary company statements of financial position reflect net liabilities and net current liabilities.

The directors are confident of a continuation of growth in the future revenue earning capacity of the group, to thereby enable the company to generate sustainable long term profits. The group continues to enjoy the support of its stakeholders, in particular, as a result of which the directors consider the going concern basis remains appropriate.

There is no indication whatsoever that stakeholder support will not continue for the foreseeable future.

Disclosure exemptions

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) No disclosure has been given for the aggregate remuneration of key management personnel.

Consolidation

The financial statements consolidate the financial statements of Vine Hotels Limited and all of its subsidiary undertakings.

The results of subsidiaries acquired or disposed of during the year are included from or to the date that control passes.

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not presented its individual profit and loss account.

Vine Hotels Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2018

3. Accounting policies *(continued)*

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.

In the opinion of management, there are no areas of judgement or key sources of estimation uncertainty that have a significant effect on the financial statements, other than those highlighted below.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for the supply of accommodation, food, drinks and related goods at the company's hotel site, stated net of discounts and of Value Added Tax. Turnover also includes a small amount of income for management charges and bank interest received.

Revenue from the sale of the above items is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer, usually on despatch of the goods, the amount of revenue 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.

Revenue 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 that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

Deferred tax

Deferred tax is not provided on property sold subject to a sale and leaseback arrangement. The long length of the lease connected to the property and the associated discount effect would mean any deferred tax charge would be trivial.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill	-	5 or 10 years on business goodwill and 20 years franchise fee
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If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Vine Hotels Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2018

3. Accounting policies *(continued)*

Tangible assets *(continued)*

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

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:

Long leasehold property	-	No depreciation
Plant and machinery	-	5 years straight line
Fixtures and fittings	-	4 or 5 years straight line
Motor vehicles	-	4 years straight line
Equipment	-	3 or 5 years straightline

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

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.

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.

Vine Hotels Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2018

3. Accounting policies *(continued)*

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Financial instruments

A financial asset or a financial liability is recognised only when the company 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.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

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.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

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.

Vine Hotels Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2018

4. Turnover

Turnover arises from the provision of hotel accommodation, function income, food and liquor sales and all ancillary hotel services.

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

5. Operating profit

Operating profit or loss is stated after charging:

	2018	2017
	£	£
Amortisation of intangible assets	297,579	298,482
Depreciation of tangible assets	74,010	60,432
Impairment of trade debtors	7,345	8,673

6. Auditor's remuneration

	2018	2017
	£	£
Fees payable for the audit of the financial statements	22,320	16,700

7. Staff costs

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

	2018	2017
	No.	No.
Distribution staff	120	120
Administrative staff	15	15
Management staff	11	9
	146	144

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

	2018	2017
	£	£
Wages and salaries	2,490,015	2,264,992
Social security costs	157,055	146,410
Other pension costs	16,206	13,544
	2,663,276	2,424,946

8. Directors' remuneration

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

	2018	2017
	£	£
Remuneration	200,000	200,000

Vine Hotels Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2018

8. Directors' remuneration *(continued)*

Remuneration of the highest paid director in respect of qualifying services:

	2018 £	2017 £
Aggregate remuneration	<u>200,000</u>	<u>200,000</u>

9. Other interest receivable and similar income

	2018 £	2017 £
Interest on cash and cash equivalents	<u>189</u>	<u>1,668</u>

10. Interest payable and similar expenses

	2018 £	2017 £
Interest on banks loans and overdrafts	155,848	165,413
Dividends paid on shares classed as debt	100,000	100,000
Other interest payable and similar charges	<u>259,667</u>	<u>200,000</u>
	<u>515,515</u>	<u>465,413</u>

11. Tax on (loss)/profit

Reconciliation of tax income

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

	2018 £	2017 £
Profit/(loss) on ordinary activities before taxation	<u>2,476,945</u>	<u>(128,652)</u>
Profit/(loss) on ordinary activities by rate of tax	470,620	(25,730)
Effect of revenue exempt from tax	(520,335)	–
Utilisation of tax losses	<u>49,715</u>	<u>25,730</u>
Tax on (loss)/profit	<u>–</u>	<u>–</u>

12. Dividends

Dividends on shares classed as debt

	2018 £	2017 £
Dividends proposed before the year end and recognised as a liability	<u>281,022</u>	<u>181,022</u>

Vine Hotels Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2018

13. Intangible assets

Group	Goodwill £
Cost	
At 1 April 2017 and 31 March 2018	<u>3,042,412</u>
Amortisation	
At 1 April 2017	515,396
Charge for the year	<u>297,579</u>
At 31 March 2018	<u>812,975</u>
Carrying amount	
At 31 March 2018	<u>2,229,437</u>
At 31 March 2017	<u>2,527,016</u>

The company has no intangible assets.

14. Tangible assets

Group	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Equipment £	Total £
Cost						
At 1 Apr 2017	6,506,972	694,897	1,045,855	9,200	217,192	8,474,116
Additions	2,562,796	98,743	91,795	–	13,948	2,767,282
Revaluations	2,738,607	–	–	–	–	2,738,607
At 31 Mar 2018	<u>11,808,375</u>	<u>793,640</u>	<u>1,137,650</u>	<u>9,200</u>	<u>231,140</u>	<u>13,980,005</u>
Depreciation						
At 1 Apr 2017	14,454	675,178	977,685	9,200	171,362	1,847,879
Charge for the year	–	23,847	30,645	–	19,518	74,010
At 31 Mar 2018	<u>14,454</u>	<u>699,025</u>	<u>1,008,330</u>	<u>9,200</u>	<u>190,880</u>	<u>1,921,889</u>
Carrying amount						
At 31 Mar 2018	<u>11,793,921</u>	<u>94,615</u>	<u>129,320</u>	<u>–</u>	<u>40,260</u>	<u>12,058,116</u>
At 31 Mar 2017	<u>6,492,518</u>	<u>19,719</u>	<u>68,170</u>	<u>–</u>	<u>45,830</u>	<u>6,626,237</u>

Vine Hotels Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2018

14. Tangible assets *(continued)*

Company	Fixtures and fittings £	Total £
Cost		
At 1 April 2017	—	—
Additions	20,296	20,296
At 31 March 2018	<u>20,296</u>	<u>20,296</u>
Depreciation		
At 1 April 2017	—	—
Charge for the year	1,290	1,290
At 31 March 2018	<u>1,290</u>	<u>1,290</u>
Carrying amount		
At 31 March 2018	<u>19,006</u>	<u>19,006</u>
At 31 March 2017	<u>—</u>	<u>—</u>

The long leasehold property comprises two hotel properties, being the land, buildings, and integral fixtures and fittings contained therein.

Both properties were freehold until March 2016 when the group sold the freeholds and entered sale and leaseback arrangements.

The directors have obtained formal valuations of the long leasehold properties and have used these as the basis for arriving at the fair value now being carried in the financial statements.

Depreciation has not been provided as the value in use of the properties and the anticipated long expected useful life, coupled with the 175 year leases and high expected residual value, mean that any depreciation charge would not be material.

Deferred tax is not provided on properties sold subject to a sale and leaseback arrangements. The long length of the leases connected to the properties and the associated discount effect would mean any deferred tax charge would be trivial.

Vine Hotels Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2018

14. Tangible assets *(continued)*

Tangible assets held at valuation

In respect of tangible assets held at valuation, aggregate cost, depreciation and comparable carrying amount that would have been recognised if the assets had been carried under the historical cost model are as follows:

Group	Long leasehold property £
At 31 March 2018	
Aggregate cost	8,334,372
Aggregate depreciation	—
Carrying value	8,334,372
At 31 March 2017	
Aggregate cost	5,771,575
Aggregate depreciation	—
Carrying value	5,771,575

The company has no tangible assets held at valuation.

Finance leases and hire purchase contracts

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

Group	Long leasehold property £
At 31 March 2018	11,793,921
At 31 March 2017	6,492,518

The company has no tangible assets held under finance lease or hire purchase agreements.

Vine Hotels Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2018

14. Tangible assets *(continued)*

Capital commitments

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Contracted for but not provided for in the financial statements	<u>—</u>	<u>2,500,000</u>	<u>—</u>	<u>—</u>

At 31 March 2017 the group was in the process of adding an extension to one of its hotels. The extension was completed in September 2017.

15. Investments

	2018	2017
	£	£
Investments in group companies	<u>1,459,657</u>	<u>1,459,657</u>

The company owns, directly or indirectly, the whole of the ordinary share capital of the following companies:

Sheffield Park Hotel Property Limited
 Sheffield Park Hotel Limited
 Dolphin Hotel Property Limited
 Dolphin Hotel (Hampshire) Limited

All subsidiaries are consolidated in the group accounts, have the same registered address as Vine Hotels Limited and are registered in England and Wales.

16. Investments

The group has no investments.

Company	Shares in group undertakings
	£
Cost	
At 1 April 2017 and 31 March 2018	<u>1,459,657</u>
Impairment	
At 1 April 2017 and 31 March 2018	<u>—</u>
Carrying amount	
At 1 April 2017 and 31 March 2018	<u>1,459,657</u>
At 31 March 2017	<u>1,459,657</u>

Vine Hotels Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2018

16. Investments *(continued)*

Subsidiaries, associates and other investments

Details of the investments in which the parent company has an interest of 20% or more are as follows:

	Class of share	Percentage of shares held
Subsidiary undertakings		
Sheffield Park Hotel Property Limited	Ordinary	100
Dolphin Hotel Property Limited	Ordinary	100
Sheffield Park Hotel Limited	Ordinary	100
Dolphin Hotel (Hampshire) Limited	Ordinary	100

The company owns, directly or indirectly, the whole of the ordinary share capital of the following companies:

Sheffield Park Hotel Property Limited
 Sheffield Park Hotel Limited
 Dolphin Hotel Property Limited
 Dolphin Hotel (Hampshire) Limited

All subsidiaries are consolidated in the group accounts, have the same registered address as the company and are registered in England and Wales.

17. Stocks

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Raw materials and consumables	<u>136,081</u>	<u>143,095</u>	<u>-</u>	<u>-</u>

18. Debtors

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Trade debtors	123,842	186,480	309,722	208,222
Amounts owed by group undertakings	-	-	2,813,606	1,912,308
Prepayments and accrued income	165,902	275,611	4,437	1,333
Other debtors	<u>4,836,644</u>	<u>6,463,310</u>	<u>118,000</u>	<u>16,298</u>
	<u>5,126,388</u>	<u>6,925,401</u>	<u>3,245,765</u>	<u>2,138,161</u>

The debtors above include the following amounts falling due after more than one year:

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Other debtors	<u>4,248,822</u>	<u>4,273,752</u>	<u>-</u>	<u>-</u>

Vine Hotels Limited

Notes to the Financial Statements (continued)

Year ended 31 March 2018

18. Debtors (continued)

Amounts owed to the company by group undertakings are repayable on demand and are interest free.

Other debtors includes a figure of £4,273,523 (2017 £4,298,224) relating to the loss on disposal of freehold properties in March 2016. The properties in question had a recorded cost of £9,059,697 and were disposed of for consideration of £4,737,000 as part of a sale and leaseback arrangements.

Sale and leaseback accounting treatment requires the loss on disposal to be taken to the balance sheet as a debtor and this will be amortised at a rate of £24,930 per annum for 175 years.

The figure of £4,248,822 (2017 £4,273,752) shown as debtors due after more than one year relates entirely to this transaction.

19. Creditors: amounts falling due within one year

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Bank loans and overdrafts	265,000	265,000	–	–
Trade creditors	403,586	478,175	27,873	4,867
Amounts owed to group undertakings	–	–	62,176	–
Amounts owed to undertakings in which the company has a participating interest	274,933	–	–	–
Accruals and deferred income	267,104	81,012	7,458	6,859
Social security and other taxes	162,609	151,717	52,378	44,114
Obligations under finance leases and hire purchase contracts	36,437	26,938	–	–
Dividends payable	281,022	181,022	281,022	181,022
Director loan accounts	–	2,000,000	–	2,000,000
Other creditors	406,885	1,606,163	38,742	6,289
	<u>2,097,576</u>	<u>4,790,027</u>	<u>469,649</u>	<u>2,243,151</u>

Security in respect of the bank borrowing is provided by a charge over all of the group's assets.

20. Creditors: amounts falling due after more than one year

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Director loan accounts	2,900,000	–	2,900,000	–
Bank loans and overdrafts	4,505,000	4,770,000	–	–
Shares classed as financial liabilities	1,000,000	1,000,000	1,000,000	1,000,000
Obligations under finance leases and hire purchase contracts	6,260,890	5,256,493	–	–
	<u>14,665,890</u>	<u>11,026,493</u>	<u>3,900,000</u>	<u>1,000,000</u>

Vine Hotels Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2018

During 2016 the company issued 1,000,000 10% £1 preference shares. The preference shares are redeemable on 30 June 2020 at nominal value. The preference shares rank prior to ordinary shares on winding up.

The bank loans are for a term of 5 years, with fixed capital repayments payable quarterly from 16 March 2016 and a final capital repayment payable in March 2021. Interest is payable at 3.185% per annum.

Security in respect of the bank borrowing is provided by a charge over all of the group's assets.

Other creditors relates to monies received by the company as part of the freehold properties sale and leaseback agreements. The amount advanced to the company in March 2016 in respect of this was £4,737,000 and two leases for 175 years were entered into for an initial rent of £232,000 per annum; this sum will increase by RPI each year.

A further sum of £1,630,000 was received under this arrangement during the year to 31 March 2018.

Sale and leaseback accounting treatment requires the sums received for the sale and leaseback of the property to be taken to the balance sheet as a creditor and payments of the lease element to be apportioned between capital repayments and interest over the term of the lease.

The element repayable over five years from the balance sheet date is £6,115,142 (2017 £5,148,740).

21. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Not later than 1 year	36,437	26,938	—	—
Later than 1 year and not later than 5 years	145,748	107,752	—	—
Later than 5 years	6,115,142	5,148,741	—	—
	<u>6,297,327</u>	<u>5,283,431</u>	<u>—</u>	<u>—</u>

22. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £16,206 (2017: £13,544).

23. Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Vine Hotels Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2018

24. Called up share capital

Issued, called up and fully paid

	2018		2017	
	No.	£	No.	£
Amounts presented in equity:				
Ordinary shares of £1 each	300,000	300,000	300,000	300,000
Ordinary A Shares shares of £1 each	132,353	132,353	132,353	132,353
	<u>432,353</u>	<u>432,353</u>	<u>432,353</u>	<u>432,353</u>
Amounts presented in liabilities:				
Redeemable preference shares of £1 each	1,000,000	1,000,000	1,000,000	1,000,000

The £1 preference shares are redeemable on 30th June 2020 at nominal value increased at a simple 10% per annum.

25. Reserves

Non-distributable revaluation reserve - This reserve records the value of asset revaluations and fair value movements on assets, less provision for associated deferred taxation.

Profit and loss account - This reserve records retained earnings and accumulated losses.

26. Directors' advances, credits and guarantees

A deed of guarantee and indemnity is in place as between two of the directors of the holding company and the group members of the Vine Hotel Ltd group of companies.

The guarantee relates to loan balances of £1,000,000 each advanced by Mr G Dyke and Mrs S Howes to this company during 2016 and a further sum of £900,000 advanced by Mr G Dyke during this year, thus relating to total liabilities of £2,900,000 (2017 £2,000,000).

All loans attract interest of 10% per annum and were advanced to Vine Hotels Limited. The loans are secured by a fixed and floating charge over all assets of the group companies.

Interest of £259,667 (2017 £200,000) was paid, during the year, by the group, in respect of these loans.

27. Related party transactions

Company

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102, not to disclose related party transactions with fellow 100% group companies.

Vine Hotels Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2018

28. Controlling party

Vine Hotels Limited is a private limited company incorporated in England and Wales and is ultimately controlled by Mrs S Howes.

The registered office of Vine Hotels Limited and all its group companies is: C/O Director of Finance, Kenwood Hall Hotel, Kenwood Road, Sheffield, S7 1NQ.