

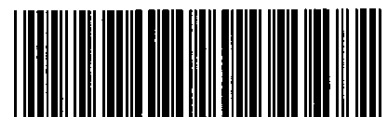
2021

Company Registration No. 08864179 (England and Wales)

The Inspire Holding Company Limited

**Annual report and
group financial statements
for the year ended 31 March 2018**

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COMPANIES HOUSE

The Inspire Holding Company Limited

Company information

Director	Anthony Troy
Secretary	Anthony Troy
Company number	08864179
Registered office	Fountains Bent Darley Road Birstwith Harrogate North Yorkshire HG3 2PN
Independent auditors	Saffery Champness LLP Mitre House North Park Road Harrogate North Yorkshire HG1 5RX
Business address	Deganwy Quay Deganwy Conwy LL31 9DJ

The Inspire Holding Company Limited

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The Inspire Holding Company Limited

Strategic report

For the year ended 31 March 2018

The director presents the strategic report for the year ended 31 March 2018.

Fair review of the business

The Inn at Grasmere Ltd (incorporating The Inn at Grasmere and Ash Cottage)

Combined properties now have 60 bedrooms

Both properties very perform well for the financial year and we continue to see growth with the improvement in the stay vacation market. Both assets are strategically positioned in the village and we have established a very loyal guest base.

KPIs for the full year ending 31st March 2018 were as follows:

Total revenue - £3.36 million up 19.6% on prior year

Occupancy % - 89% up 5% on prior year

Average Room Rate - £93 up £5 on prior year

Bridge House Hotel Grasmere

This was acquired in November 2016 and consists of 18 bedrooms, we continue to trade the property as we intend to commence develop of the property in 2019. We were pleased with the performance of the property.

Acquisitions (October 2017)

We acquired the Eaton Hotel in Chester, this is currently closed and we will look to develop next year. We are currently exploring to achieve planning for a 50 bedroom hotel.

We continue to invest in all four properties and at least 4% FF&E will continue to be invested.

Outlook

We see no reason why the performance of these assets should not continue in the next financial year and look forward to repositioning of these assets given the different offering at each location. The proximity of the properties enables flexing of roles and continued cross marketing.

Deganwy Quay Ltd

The property consists of 74 letting bedrooms, food and beverage outlets and a full wet Spa with 10 treatment rooms.

KPIs for the full year ending 31st March 2018 were as follows:

Total revenue - £5.860 million up 3.2% on prior year, ARR driven

Occupancy % - 88% same as prior year

Average Room Rate - £110 up £5 on prior year

Future capital development

The property only requires annual fixtures; fittings and equipment spend and has additional capex opportunities to further develop the property's outdoor spaces. We are planning to add six bedrooms in this year and refurbish restaurant/bar.

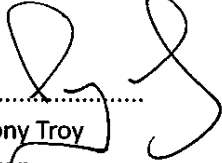
Outlook

We continue to be impressed by the performance of all the properties within the Group and current trading is showing similar trend as last year and we will continue to invest heavily in the portfolio and look for other opportunities that fit the Group's criteria.

The Inspire Holding Company Limited

Strategic report (continued)
For the year ended 31 March 2018

On behalf of the board



.....
Anthony Troy

Director

29/10/18
.....

The Inspire Holding Company Limited

Director's report

For the year ended 31 March 2018

The director presents his annual report and financial statements for the year ended 31 March 2018.

Principal activities

The principal activity of the company is that of a holding company for a group of hotels.

Director

The director who held office during the year and up to the date of signature of the financial statements was as follows:

Anthony Troy

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The director does not recommend payment of a further dividend.

Auditor

The auditor, Saffery Champness LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board


.....
Anthony Troy

Director

Date: 29/10/18

The Inspire Holding Company Limited

Director's responsibilities statement For the year ended 31 March 2018

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

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

The Inspire Holding Company Limited

Independent auditor's report

To the members of The Inspire Holding Company Limited

Opinion

We have audited the financial statements of The Inspire Holding Company Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2018 which comprise the group statement of comprehensive income, the group statement of financial position, the company statement of financial position, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

- the director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has 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.

The Inspire Holding Company Limited

Independent auditor's report (continued)

To the members of The Inspire Holding Company Limited

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's 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 and the director's report.

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

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

The Inspire Holding Company Limited

Independent auditor's report (continued)

To the members of The Inspire Holding Company Limited

Responsibilities of director

As explained more fully in the director's responsibilities statement, the director is 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 director is 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 director either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

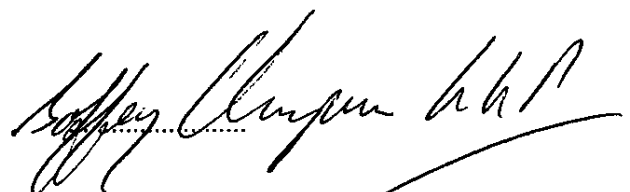
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

Martin Holden (Senior Statutory Auditor)
for and on behalf of Saffery Champness LLP

Chartered Accountants
Statutory Auditors



Mitre House
North Park Road
Harrogate
North Yorkshire
HG1 5RX

2/11/18

The Inspire Holding Company Limited

**Group statement of comprehensive income
For the year ended 31 March 2018**

		2018	2017
	Notes	£	£
Revenue	3	9,796,801	8,627,317
Cost of sales		(4,821,841)	(4,479,128)
Gross profit		4,974,960	4,148,189
Distribution costs		(164,307)	(170,263)
Administrative expenses		(3,363,385)	(2,586,369)
Other operating income		-	30,000
Operating profit	4	1,447,268	1,421,557
Investment income	7	198	238
Finance costs	8	(305,433)	(271,664)
Profit before taxation		1,142,033	1,150,131
Tax on profit	9	(335,294)	(194,578)
Profit for the financial year	23	806,739	955,553

Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

The Income Statement has been prepared on the basis that all operations are continuing operations.

The Inspire Holding Company Limited

**Group statement of financial position
As at 31 March 2018**

	Notes	£	2018 £	£	2017 £
Fixed assets					
Goodwill	10		2,956,282		3,436,735
Property, plant and equipment	11		10,743,523		10,405,515
			<u>13,699,805</u>		<u>13,842,250</u>
Current assets					
Inventories	15	76,791		84,768	
Trade and other receivables	16	486,209		604,169	
Cash and cash equivalents		4,350,829		3,348,339	
		<u>4,913,829</u>		<u>4,037,276</u>	
Current liabilities	17	(8,657,917)		(8,083,014)	
Net current liabilities			<u>(3,744,088)</u>		<u>(4,045,738)</u>
Total assets less current liabilities			<u>9,955,717</u>		<u>9,796,512</u>
Non-current liabilities	18		(7,142,916)		(7,789,277)
Provisions for liabilities	20		(177,130)		(178,303)
Net assets			<u>2,635,671</u>		<u>1,828,932</u>
Equity					
Called up share capital	22		1		1
Retained earnings	23		2,635,670		1,828,931
Total equity			<u>2,635,671</u>		<u>1,828,932</u>

The financial statements were approved and signed by the director and authorised for issue on 29/10/18

Anthony Troy
Director

The Inspire Holding Company Limited

**Company statement of financial position
As at 31 March 2018**

	Notes	£	2018 £	£	2017 £
Fixed assets					
Investments	12		2,112,852		1,987,852
Current assets					
Trade and other receivables	16	11,681,126		12,270,794	
Cash and cash equivalents		5,288		1,793	
		11,686,414		12,272,587	
Current liabilities	17	(6,259,579)		(6,145,775)	
Net current assets			5,426,835		6,126,812
Total assets less current liabilities			7,539,687		8,114,664
Non-current liabilities	18		(7,142,916)		(7,789,277)
Net assets			396,771		325,387
Equity					
Called up share capital	22		1		1
Retained earnings	23		396,770		325,386
Total equity			396,771		325,387

As permitted by s408 Companies Act 2006, the company has not presented its own income statement and related notes. The company's profit for the year was £71,384 (2017 - £120,358 profit).

The financial statements were approved and signed by the director and authorised for issue on 29/10/18

Anthony Troy
Director

Company Registration No. 08864179

The Inspire Holding Company Limited

**Group statement of changes in equity
For the year ended 31 March 2018**

	Share capital	Retained earnings	Total
	£	£	£
Balance at 1 April 2016	1	873,378	873,379
Year ended 31 March 2017:			
Profit and total comprehensive income for the year	-	955,553	955,553
Balance at 31 March 2017	1	1,828,931	1,828,932
Year ended 31 March 2018:			
Profit and total comprehensive income for the year	-	806,739	806,739
Balance at 31 March 2018	1	2,635,670	2,635,671

The Inspire Holding Company Limited

**Company statement of changes in equity
For the year ended 31 March 2018**

	Share capital	Retained earnings	Total
	£	£	£
Balance at 1 April 2016	1	205,028	205,029
	<hr/>	<hr/>	<hr/>
Year ended 31 March 2017:			
Profit and total comprehensive income for the year	-	120,358	120,358
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2017	1	325,386	325,387
	<hr/>	<hr/>	<hr/>
Year ended 31 March 2018:			
Profit and total comprehensive income for the year	-	71,384	71,384
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2018	1	396,770	396,771
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The Inspire Holding Company Limited

Group statement of cash flows
For the year ended 31 March 2018

			2018		2017
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	28		2,493,273		2,784,501
Interest paid			(264,294)		(271,664)
Income taxes paid			(149,085)		(73,474)
Net cash inflow from operating activities			2,079,894		2,439,363
Investing activities					
Purchase of business		(125,000)		(1,987,849)	
Purchase of property, plant and equipment		(265,102)		(357,286)	
Interest received		198		238	
Net cash used in investing activities			(389,904)		(2,344,897)
Financing activities					
Proceeds of new bank loans		-		2,909,250	
Repayment of bank loans		(687,500)		(1,407,500)	
Net cash (used in)/generated from financing activities			(687,500)		1,501,750
Net increase in cash and cash equivalents			1,002,490		1,596,216
Cash and cash equivalents at beginning of year			3,348,339		1,752,123
Cash and cash equivalents at end of year			4,350,829		3,348,339

The Inspire Holding Company Limited

Notes to the financial statements For the year ended 31 March 2018

1 Accounting policies

Company information

The Inspire Holding Company Limited ("the company") is a private limited company incorporated in England and Wales. The registered office is Fountains Bent Darley Road, Birstwith, Harrogate, North Yorkshire, HG3 2PN.

The group consists of The Inspire Holding Company Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available group financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the group financial statements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

As permitted by s408 Companies Act 2006, the company has not presented its own income statement and related notes. The company's profit for the year was £71,384 (2017 - £120,358 profit).

The Inspire Holding Company Limited

Notes to the financial statements (continued)

For the year ended 31 March 2018

1 Accounting policies (continued)

1.2 Basis of consolidation

In the group company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The group financial statements incorporate those of The Inspire Holding Company Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 March 2018. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 Going concern

At the time of approving the financial statements, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the director continues to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Revenue

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

Revenue from the sale of services is recognised at the point at which the services are delivered to the customer.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

The Inspire Holding Company Limited

Notes to the financial statements (continued)

For the year ended 31 March 2018

1 Accounting policies (continued)

1.5 Intangible fixed assets - goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 10 years.

1.6 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings Freehold	10-50 years straight line on buildings
Plant and machinery	5 years straight line
Fixtures, fittings & equipment	4-10 years straight line
Computer equipment	5 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.7 Impairment of non-current assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1 Accounting policies (continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials. Provision is made for obsolete and slow moving items where appropriate.

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

1 Accounting policies (continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1 Accounting policies (continued)

Other financial liabilities

Other financial liabilities, including debt instruments that do not meet the definition of a basic financial instrument, are measured at fair value through profit or loss.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.11 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1 Accounting policies (continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

The Inspire Holding Company Limited

Notes to the financial statements (continued)

For the year ended 31 March 2018

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the director is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Revenue

An analysis of the group's revenue is as follows:

	2018 £	2017 £
Revenue analysed by class of business		
Hotel income	9,796,801	8,627,317

	2018 £	2017 £
Other significant revenue		
Interest income	198	238
Insurance claim	-	30,000

	2018 £	2017 £
Revenue analysed by geographical market		
United Kingdom	9,796,801	8,627,317

4 Operating profit

	2018 £	2017 £
Operating profit for the year is stated after charging:		
Depreciation of owned property, plant and equipment	682,093	680,891
Amortisation of intangible assets	480,453	480,450
Cost of inventories recognised as an expense	1,633,795	1,435,288
Operating lease charges	385	503

The Inspire Holding Company Limited

Notes to the financial statements (continued)

For the year ended 31 March 2018

5 Auditor's remuneration

	2018	2017
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	3,595	3,525
Audit of the company's subsidiaries	15,125	16,300
	<u>18,720</u>	<u>19,825</u>

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	2018	2017
	Number	Number
Hotel staff	172	157
Management and administrative staff	22	22
	<u>194</u>	<u>179</u>

Their aggregate remuneration comprised:

	2018	2017
	£	£
Wages and salaries	2,863,183	2,812,160
Social security costs	92,368	61,510
Pension costs	2,554	250
	<u>2,958,105</u>	<u>2,873,920</u>

7 Investment income

	2018	2017
	£	£
Interest income		
Interest on bank deposits	198	238
	<u>198</u>	<u>238</u>

The Inspire Holding Company Limited

Notes to the financial statements (continued)

For the year ended 31 March 2018

7 Investment income (continued)

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	198	238
	<u> </u>	<u> </u>

8 Finance costs

	2018	2017
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	305,433	271,604
Other finance costs:		
Other interest	-	60
	<u> </u>	<u> </u>
Total finance costs	305,433	271,664
	<u> </u>	<u> </u>

9 Taxation

	2018	2017
	£	£
Current tax		
UK corporation tax on profits for the current period	265,253	132,111
Adjustments in respect of prior periods	(6,288)	5,309
	<u> </u>	<u> </u>
Total current tax	258,965	137,420
	<u> </u>	<u> </u>
Deferred tax		
Origination and reversal of timing differences	76,329	55,640
Adjustment in respect of prior periods	-	1,518
	<u> </u>	<u> </u>
Total deferred tax	76,329	57,158
	<u> </u>	<u> </u>
Total tax charge for the year	335,294	194,578
	<u> </u>	<u> </u>

The Inspire Holding Company Limited

Notes to the financial statements (continued)
For the year ended 31 March 2018

9 Taxation (continued)

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2018 £	2017 £
Profit before taxation	1,142,033	1,150,131
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 20.00%)	216,986	230,026
Tax effect of expenses that are not deductible in determining taxable profit	1,624	-
Tax effect of utilisation of tax losses not previously recognised	-	(103,340)
Unutilised tax losses carried forward	5,190	-
Effect of change in corporation tax rate	(8,633)	-
Depreciation on assets not qualifying for tax allowances	39,693	58,344
Under/(over) provided in prior years	(6,288)	5,309
Deferred tax adjustments in respect of prior years	1,882	(52,778)
Amortisation	84,731	88,091
Other tax adjustments	109	(31,074)
Taxation charge for the year	335,294	194,578

10 Intangible fixed assets

Group	Goodwill £	Tour bookings £	Total £
Cost			
At 1 April 2017 and 31 March 2018	4,604,531	246,000	4,850,531
Amortisation and impairment			
At 1 April 2017	1,167,796	246,000	1,413,796
Amortisation charged for the year	480,453	-	480,453
At 31 March 2018	1,648,249	246,000	1,894,249
Carrying amount			
At 31 March 2018	2,956,282	-	2,956,282
At 31 March 2017	3,436,735	-	3,436,735

The company had no intangible fixed assets at 31 March 2018 or 31 March 2017.

The Inspire Holding Company Limited

Notes to the financial statements (continued)
For the year ended 31 March 2018

11 Property, plant and equipment						
Group	Land and buildings Freehold	Land and buildings Leasehold	Plant and machinery	Fixtures, fittings & equipment	Computer equipment	Total
Cost	£	£	£	£	£	£
At 1 April 2017	9,612,933	277,124	9,969	2,793,510	15,625	12,709,161
Additions	100,606	-	8,327	156,169	-	265,102
Business combinations	755,000	-	-	-	-	755,000
At 31 March 2018	10,468,539	277,124	18,296	2,949,679	15,625	13,729,263
Depreciation and impairment						
At 1 April 2017	671,376	102,556	3,350	1,522,158	4,207	2,303,647
Depreciation charged in the year	319,422	11,085	3,027	345,435	3,124	682,093
At 31 March 2018	990,798	113,641	6,377	1,867,593	7,331	2,985,740
Carrying amount						
At 31 March 2018	9,477,741	163,483	11,919	1,082,086	8,294	10,743,523
At 31 March 2017	8,941,558	174,568	6,619	1,271,352	11,418	10,405,515

The company had no property, plant and equipment assets at 31 March 2018 or 31 March 2017.

The Inspire Holding Company Limited

Notes to the financial statements (continued)
For the year ended 31 March 2018

12 Fixed asset investments

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Investments in subsidiaries	13	-	-	2,112,852	1,987,852

Movements in non-current investments

Company	Shares in group undertakings £
Cost or valuation	
At 1 April 2017	1,987,852
Additions	125,000
At 31 March 2018	2,112,852
Carrying amount	
At 31 March 2018	2,112,852
At 31 March 2017	1,987,852

13 Subsidiaries

Details of the company's subsidiaries at 31 March 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct Indirect
Ash Cottage Propco Limited	England & Wales	Dormant	Ordinary	100.00
Bridge House Hotel Limited	England & Wales	Operation of a hotel	Ordinary	100.00
Deganwy Quay Limited	England & Wales	Operation of a hotel and spa	Ordinary	100.00
Quay Propco Limited	England & Wales	Letting of real estate	Ordinary	100.00
The Inn at Grasmere Limited	England & Wales	Operation of a hotel	Ordinary	100.00
Twenty Nine City Road	England & Wales	Holding property	Ordinary	100.00

The Inspire Holding Company Limited

Notes to the financial statements (continued)

For the year ended 31 March 2018

13 Subsidiaries (continued)

The following subsidiaries are exempt from audit under the requirements of s479A of the Companies Act 2006. The Inspire Holding Company Limited guarantees the companies under s479C of the Companies Act 2006 in respect of the year ended 31 March 2018.

Quay Propco Limited - company no. 08924336

The Inn at Grasmere Limited - company no. 08864536

Bridge House Hotel Limited - company no. 04289948

Twenty Nine City Road - company no. 10285540

14 Financial instruments

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Carrying amount of financial assets				
Debt instruments measured at amortised cost	189,700	210,500	11,527,611	12,101,541
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Carrying amount of financial liabilities				
Measured at amortised cost	15,162,370	15,358,460	13,382,740	13,904,963
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

15 Inventories

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Finished goods and goods for resale	76,791	84,768	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The Inspire Holding Company Limited

Notes to the financial statements (continued)
For the year ended 31 March 2018

16 Trade and other receivables

	Group 2018	2017	Company 2018	2017
	£	£	£	£
Amounts falling due within one year:				
Trade receivables	128,680	97,709	-	(1)
Other receivables	62,840	113,157	1,820	35,535
Prepayments and accrued income	293,371	314,483	151,695	168,887
	<u>484,891</u>	<u>525,349</u>	<u>153,515</u>	<u>204,421</u>
Deferred tax asset (note 20)	1,318	78,820	-	-
	<u>486,209</u>	<u>604,169</u>	<u>153,515</u>	<u>204,421</u>
Amounts falling due after more than one year:				
Amounts owed by group undertakings	-	-	11,527,611	12,066,373
	<u>-</u>	<u>-</u>	<u>11,527,611</u>	<u>12,066,373</u>
Total debtors	<u>486,209</u>	<u>604,169</u>	<u>11,681,126</u>	<u>12,270,794</u>

17 Current liabilities

		Group 2018	2017	Company 2018	2017
	Notes	£	£	£	£
Bank loans and overdrafts	19	687,500	687,500	687,500	687,500
Trade payables		557,702	558,228	-	-
Amounts due to group undertakings		-	-	114,452	-
Corporation tax payable		266,260	156,381	19,755	30,089
Other taxation and social security		372,203	357,450	-	-
Other payables		5,801,104	5,742,355	5,382,464	5,382,465
Accruals and deferred income		973,148	581,100	55,408	45,721
		<u>8,657,917</u>	<u>8,083,014</u>	<u>6,259,579</u>	<u>6,145,775</u>

The Inspire Holding Company Limited

Notes to the financial statements (continued)
For the year ended 31 March 2018

18 Non-current liabilities

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Bank loans and overdrafts	19	7,142,916	7,789,277	7,142,916	7,789,277

19 Borrowings

	Group 2018 £	2017 £	Company 2018 £	2017 £
Bank loans	7,830,416	8,476,777	7,830,416	8,476,777
Payable within one year	687,500	687,500	687,500	687,500
Payable after one year	7,142,916	7,789,277	7,142,916	7,789,277

The bank loans are secured by way of fixed and floating charges in favour of Santander UK Plc dated 20 December 2016 over the freehold property known as Bridge House Hotel, 31 July 2015 over the freehold property known as Ash Cottage, and 20 October 2014 against all other land and buildings owned by the group.

The group has bank loans with Santander plc terminating in 2019. The repayment terms comprise quarterly instalments and a bullet payment at the termination date. The loans are subject to interest at either 2.25% plus a fixed rate or 2.25% plus LIBOR.

20 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2018 £	Liabilities 2017 £	Assets 2018 £	Assets 2017 £
Group				
Accelerated capital allowances	177,130	178,303	1,318	3,037
Tax losses	-	-	-	75,783
	177,130	178,303	1,318	78,820

The Inspire Holding Company Limited

Notes to the financial statements (continued)
For the year ended 31 March 2018

20 Deferred taxation (continued)

The company has no deferred tax assets or liabilities.

	Group	Company
	2018	2018
	£	£
Movements in the year:		
Liability at 1 April 2017	99,483	-
Charge to profit or loss	76,329	-
Liability at 31 March 2018	<u>175,812</u>	<u>-</u>

The deferred tax asset set out above is expected to reverse within 12 months and relates to the utilisation of tax losses against future expected profits of the same period. The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

21 Retirement benefit schemes

	2018	2017
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>2,554</u>	<u>250</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

22 Share capital

	Group and company	2017
	2018	2017
	£	£
Ordinary share capital		
Issued and fully paid		
1 Ordinary share of £1 each	<u>1</u>	<u>1</u>

The Company has one class of ordinary shares which carry no right to fixed income and full voting rights.

The Inspire Holding Company Limited

Notes to the financial statements (continued)

For the year ended 31 March 2018

23 Retained earnings

	Group 2018 £	2017 £	Company 2018 £	2017 £
At the beginning of the year	1,828,931	873,378	325,386	205,028
Profit for the year	806,739	955,553	71,384	120,358
At the end of the year	<u>2,635,670</u>	<u>1,828,931</u>	<u>396,770</u>	<u>325,386</u>

24 Acquisitions

On 15 September 2017 the group acquired 100 percent of the issued capital of Twenty Nine City Road.

	Book Value £	Adjustments £	Fair Value £
Property, plant and equipment	597,518	157,482	755,000
Trade and other payables	(630,000)	-	(630,000)
Total identifiable net assets	<u>(32,482)</u>	<u>157,482</u>	<u>125,000</u>
Goodwill			-
Total consideration			<u>125,000</u>

The consideration was satisfied by: £

Cash 125,000

Freehold property has been adjusted to its estimated fair value at the date of acquisition

Contribution by the acquired business for the reporting period included in the consolidated statement of comprehensive income since acquisition: £

Revenue -
Loss after tax (27,371)

No goodwill arose on the acquisition.

The Inspire Holding Company Limited

Notes to the financial statements (continued)

For the year ended 31 March 2018

25 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Within one year	7,813	13,838	-	-
Between two and five years	-	7,813	-	-
	<u>7,813</u>	<u>21,651</u>	<u>-</u>	<u>-</u>
	<u><u>7,813</u></u>	<u><u>21,651</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

The Inspire Holding Company Limited

Notes to the financial statements (continued)

For the year ended 31 March 2018

26 Related party transactions

Transactions with related parties

The following amounts were outstanding at the reporting end date:

	Amounts owed to related parties	
	2018	2017
	£	£
Group and company		
Key management personnel	5,382,465	5,382,465
	<u> </u>	<u> </u>
Company		
Entities over which the company has control, joint control or significant influence	114,452	-
	<u> </u>	<u> </u>

The director's loan is unsecured, interest free and repayable on demand.

The following amounts were outstanding at the reporting end date:

	Amounts owed by related parties	
	2018	2017
Company		
Entities over which the company has control, joint control or significant influence	11,527,611	12,066,373
	<u> </u>	<u> </u>
	<u>11,527,611</u>	<u>12,066,373</u>

No guarantees have been given or received.

27 Controlling party

The ultimate party is Anthony Troy by virtue of his 100% shareholding in the company.

The Inspire Holding Company Limited

Notes to the financial statements (continued)
For the year ended 31 March 2018

28 Cash generated from group operations

	2018	2017
	£	£
Profit for the year after tax	806,739	955,553
Adjustments for:		
Taxation charged	335,294	194,578
Finance costs	305,433	271,664
Investment income	(198)	(238)
Amortisation and impairment of intangible assets	480,453	480,450
Depreciation and impairment of property, plant and equipment	682,093	680,891
Movements in working capital:		
Decrease/(increase) in inventories	7,977	(4,259)
Decrease/(increase) in trade and other receivables	40,458	(182,001)
(Decrease)/increase in trade and other payables	(164,976)	387,863
Cash generated from operations	2,493,273	2,784,501

The movement on trade and other payables includes the repayment of directors' loans of £630,000 that were acquired as part of a business combination (see note 24).