REGISTERED NUMBER: 02942989 (England and Wales)

STRATEGIC REPORT, REPORT OF THE DIRECTORS AND

FINANCIAL STATEMENTS FOR THE PERIOD 2 OCTOBER 2017 TO 30 SEPTEMBER 2018

FOR

UTOPIA LEISURE LIMITED

Vista Audit LLP
Chartered Accountants
Statutory Auditor
Chancery House
3 Hatchlands Road
Redhill
Surrey
RH1 6AA

CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE PERIOD 2 OCTOBER 2017 TO 30 SEPTEMBER 2018

COMPANY INFORMATION
FOR THE PERIOD 2 OCTOBER 2017 TO 30 SEPTEMBER 2018

DIRECTORS:	P S Hinchcliffe Mrs D Hinchcliffe
SECRETARY:	M Thomas
REGISTERED OFFICE:	1 St Pauls Square Liverpool Merseyside L3 9SJ
REGISTERED NUMBER:	02942989 (England and Wales)
AUDITORS:	Vista Audit LLP Chartered Accountants Statutory Auditor Chancery House 3 Hatchlands Road Redhill Surrey RH1 6AA

STRATEGIC REPORT
FOR THE PERIOD 2 OCTOBER 2017 TO 30 SEPTEMBER 2018

The directors present their strategic report for the period 2 October 2017 to 30 September 2018.

REVIEW OF BUSINESS

The company owns and operates four luxury award winning hotels in the South East of England. The company continues to achieve sustained growth in 2018 with a 3.25% increase in turnover, its occupancy rate also increased to 1.65% due mainly to the contribution from Barnett Hill after a major refurbishment.

The Directors anticipate continued growth of their hotels and hospitality operations. They expect to achieving this through the development of existing sites and the acquisition of a new hotel in the forthcoming year to expand coverage in the Southwest of London.

PRINCIPAL RISKS AND UNCERTAINTIES

The directors consider the following to be the principal risks facing the company:

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The company is mainly exposed to credit risk from credit sales. It is company policy to assess the credit risk of new customers. Each new customer is analysed individually for creditworthiness before the company's standard payment terms and conditions are offered.

At a local level, a monthly review of the trade receivables' ageing analysis is undertaken and customers' credit is reassessed periodically. Existing customers that become "high risk" as a result of the periodic reassessment are placed on a restricted customer list and future credit sales are made only with approval of the Board otherwise payment in advance is required.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions.

Liquidity risk

Liquidity risk arises from the company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the company will encounter difficulty in meeting its financial obligations as they fall due.

The Board receives rolling cash flow projections on a monthly basis as well as information regarding cash balances. At the end of the financial year, these projections indicated that the company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances. The directors have considered it appropriate to prepare the accounts on a going concern basis.

Political uncertainty and Economic recession

The company continues to monitor the implications of UK's exit from the European Union, particularly ongoing access to residents of the European Union seeking work in the UK, and the ease of accessibility to the UK of overseas visitors. The weaker pound has been helpful to inbound tourism as has the continued US economic growth but there are downside risks if the wider international trade war continues to escalate. Globally tourism continue to grow which should continue to underpin demand for accommodation.

Competition
New entrants into the market in close proximity to our existing hotels resulting in over supply. The company continues investment in the existing hotel portfolio, together with a strong focus upon guest service and high standards, allows the company's hotels to be differentiated from competitors.

The company's strategy to combat these threats is to continue to develop the quality and range of the facilities and to cater for a wider range of different market sectors.

STRATEGIC REPORT
FOR THE PERIOD 2 OCTOBER 2017 TO 30 SEPTEMBER 2018

NON-FINANCIAL KEY PERFORMANCE INDICATORS
The company monitors key non-financial indicators such as food hygiene rating, feedback from guest comment cards, ratings on guest online surveys and third party web feedback sites.

The company also take independent assessments of service to monitor its quality against industry standards.

The company have a comprehensive and proactive approach to risk management, endeavouring to ensure that all customers are always in safe accommodation, maintained and operated in compliance with the appropriate regulations and standards.

The company is committed to minimising its impact upon the environment by seeking energy saving initiatives and have installed solar panels on two hotels.

FINANCIAL KEY PERFORMANCE INDICATORS
The company monitors key financial performance indicators across all sites in order to maximise performance, room rate and occupancy. Each hotel's performance is benchmarked regularly against hotels in the immediate vicinity.

The key financial performance indicators for the company are highlighted below:

	2018	2017
Gross profit margin	48%	46%
Net profit margin	17%	16%
Room sold	42,853	42,060

DISABLED EMPLOYEES
Applications för employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that the appropriate training is arranged. It is the company's policy that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of the other employees.

EMPLOYEE CONSULTATION
The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees, and on the various factors affecting the performance of the company. Employees are consulted regularly on a wide range of matters affecting their current and future interests.

ON BEHALF OF THE BOARD:

....
P S Hinchcliffe - Director

Date: ....14/6/19....

REPORT OF THE DIRECTORS
FOR THE PERIOD 2 OCTOBER 2017 TO 30 SEPTEMBER 2018

The directors present their report with the financial statements of the company for the period 2 October 2017 to 30 September 2018.

PRINCIPAL ACTIVITY
The main activity of the company continues to be the operation of four luxury award winning hotels in the South East of England.

DIVIDENDS
Interim dividends totalling 17.468p per share were paid during the period. The directors recommend that no final dividend be paid.

The total distribution of dividends for the period ended 30 September 2018 will be £1,000,043.

EVENTS SINCE THE END OF THE PERIOD
Information relating to events since the end of the period is given in the notes to the financial statements.

DIRECTORS
The directors shown below have held office during the whole of the period from 2 October 2017 to the date of this report.

P S Hinchcliffe
Mrs D Hinchcliffe

FINANCIAL INSTRUMENTS
The company's financial instruments may be analysed as follows:

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors and amounts owed by directors.

Financial liabilities measured at amortised cost comprise bank loans and overdrafts, trade creditors and other creditors.

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The company is mainly exposed to credit risk from credit sales. It is company policy to assess the credit risk of new customers. Each new customer is analysed individually for creditworthiness before the company's standard payment terms and conditions are offered.

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The Board receives rolling cash flow projections on a monthly basis as well as information regarding cash balances. At the end of the financial year, these projections indicated that the company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances. The directors have considered it appropriate to prepare the accounts on a going concern basis.

REPORT OF THE DIRECTORS
FOR THE PERIOD 2 OCTOBER 2017 TO 30 SEPTEMBER 2018

GOING CONCERN

The company meets its day-to-day working capital requirements through its sufficient cash reserves. The company's forecasts and projections, taking account of reasonably changes in trading performance, show that the company is able to operate within the level of its current facilities and has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable 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 company will continue in business.

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

AUDITORS

The auditors, Vista Audit LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

....
P S Hinchcliffe - Director

Date: ....14/6/19....

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF UTOPIA LEISURE LIMITED

Opinion

We have audited the financial statements of Utopia Leisure Limited (the 'company') for the period ended 30 September 2018 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Statement of Cash Flows, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2018 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF UTOPIA LEISURE LIMITED

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors
As explained more fully in the Statement of Directors' Responsibilities set out on page five, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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

Vista Audit LLP

Susan Jones FCA (Senior Statutory Auditor)
for and on behalf of Vista Audit LLP
Chartered Accountants
Statutory Auditor
Chancery House
3 Hatchlands Road
Redhill
Surrey
RH1 6AA

Date: 14/6/19

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD 2 OCTOBER 2017 TO 30 SEPTEMBER 2018

	Notes	Period 2/10/17 to 30/9/18 £	Period 3/10/16 to 1/10/17 £
TURNOVER	4	19,552,571	18,937,132
Cost of sales		10,177,354	10,182,055
GROSS PROFIT		9,375,217	8,755,077
Administrative expenses		5,808,166	5,593,499
OPERATING PROFIT	6	3,567,051	3,161,578
Interest receivable and similar income		6,944	2,067
		3,573,995	3,163,645
Interest payable and similar expenses	7	107,763	118,288
PROFIT BEFORE TAXATION		3,466,232	3,045,357
Tax on profit	8	827,667	713,470
PROFIT FOR THE FINANCIAL PERIOD		2,638,565	2,331,887
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		2,638,565	2,331,887

The notes form part of these financial statements

UTOPIA LEISURE LIMITED (REGISTERED NUMBER: 02942989)

STATEMENT OF FINANCIAL POSITION
30 SEPTEMBER 2018

	Notes	2018 £	2018 £	2017 £	2017 £
FIXED ASSETS					
Intangible assets	10		237,500		267,500
Tangible assets	11		28,146,303		28,625,548
Investments	12		2		2
			28,383,805		28,893,050
CURRENT ASSETS					
Stocks	13	178,422		166,614	
Debtors	14	1,393,068		2,437,392	
Cash at bank and in hand		2,370,177		626,001	
		3,941,667		3,230,007	
CREDITORS					
Amounts falling due within one year	15	5,323,286		5,260,789	
NET CURRENT LIABILITIES			(1,381,619)		(2,030,782)
TOTAL ASSETS LESS CURRENT LIABILITIES			27,002,186		26,862,268
CREDITORS					
Amounts falling due after more than one year	16		(2,577,320)		(4,073,070)
PROVISIONS FOR LIABILITIES	20		(103,699)		(106,553)
NET ASSETS			24,321,167		22,682,645
CAPITAL AND RESERVES					
Called up share capital	21		5,725,002		5,725,002
Retained earnings			18,596,165		16,957,643
SHAREHOLDERS' FUNDS			24,321,167		22,682,645

The financial statements were approved and authorised for issue by the Board of Directors on ...14/6/19... and were signed on its behalf by:

....

P S Hinchcliffe - Director

The notes form part of these financial statements

UTOPIA LEISURE LIMITED (REGISTERED NUMBER: 02942989)

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD 2 OCTOBER 2017 TO 30 SEPTEMBER 2018

	Called up share capital £	Retained earnings £	Total equity £
Balance at 3 October 2016	5,725,002	15,635,914	21,360,916
Changes in equity			
Dividends	-	(1,010,158)	(1,010,158)
Total comprehensive income	-	2,331,887	2,331,887
Balance at 1 October 2017	5,725,002	16,957,643	22,682,645
Changes in equity			
Dividends	-	(1,000,043)	(1,000,043)
Total comprehensive income	-	2,638,565	2,638,565
Balance at 30 September 2018	5,725,002	18,596,165	24,321,167

The notes form part of these financial statements

STATEMENT OF CASH FLOWS
FOR THE PERIOD 2 OCTOBER 2017 TO 30 SEPTEMBER 2018

	Notes	Period 2/10/17 to 30/9/18 £	Period 3/10/16 to 1/10/17 £
Cash flows from operating activities			
Cash generated from operations	1	5,291,125	3,668,519
Interest paid		(107,452)	(118,288)
Tax paid		(750,000)	(788,414)
Net cash from operating activities		4,433,673	2,761,817
Cash flows from investing activities			
Purchase of tangible fixed assets		(994,510)	(1,063,021)
Sale of tangible fixed assets		27,300	-
Interest received		6,944	2,067
Net cash from investing activities		(960,266)	(1,060,954)
Cash flows from financing activities			
Loan repayments in year		(1,649,231)	(670,000)
Amount introduced by directors		10,015	35,000
Amount withdrawn by directors		(90,015)	(35,000)
Equity dividends paid		-	(1,000,000)
Net cash from financing activities		(1,729,231)	(1,670,000)
Increase in cash and cash equivalents		1,744,176	30,863
Cash and cash equivalents at beginning of period	2	626,001	595,138
Cash and cash equivalents at end of period	2	2,370,177	626,001

NOTES TO THE STATEMENT OF CASH FLOWS FOR THE PERIOD 2 OCTOBER 2017 TO 30 SEPTEMBER 2018

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

	Period 2/10/17 to 30/9/18	Period 3/10/16 to 1/10/17
	£	£
Profit before taxation	3,466,232	3,045,357
Depreciation charges	1,269,670	1,148,409
Loss on disposal of fixed assets	1,646	-
Impairment losses on freehold property	199,139	99,617
Finance costs	107,763	118,288
Finance income	(6,944)	(2,067)
	5,037,506	4,409,604
Increase in stocks	(11,808)	(14,110)
Decrease/(increase) in trade and other debtors	124,324	(429,285)
Increase/(decrease) in trade and other creditors	141,103	(297,690)
Cash generated from operations	5,291,125	3,668,519

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Period ended 30 September 2018

	30/9/18	2/10/17
	£	£
Cash and cash equivalents	2,370,177	626,001

Period ended 1 October 2017

	1/10/17	3/10/16
	£	£
Cash and cash equivalents	626,001	595,138

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 2 OCTOBER 2017 TO 30 SEPTEMBER 2018

1. STATUTORY INFORMATION

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

The presentation currency of the financial statements is the Pound Sterling (£).

2. STATEMENT OF COMPLIANCE

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

3. ACCOUNTING POLICIES

Basis of preparing the financial statements
The financial statements have been prepared under the historical cost convention.

The directors have considered the company's operating financial requirements for the forthcoming year and expect that the company will have sufficient cash reserves to meet those requirements, and as a result they have prepared the accounts on the going concern basis.

Preparation of consolidated financial statements
The financial statements contain information about Utopia Leisure Limited as an individual company and do not contain consolidated financial information as the parent of a group. Its subsidiary undertakings, Alexander House Hotel Limited and Alexander Hotels Limited, are dormant.

Related party exemption
The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Significant judgements and estimates
In preparing these financial statements, the directors have made the following judgements:
- Determine whether leases entered into by the company either as a lessor or a lessee are operating lease or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the company's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

-Tangible fixed assets
Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

-Intangible fixed assets
Intangible fixed assets, are amortised over their useful life taking into account the probable future economic benefits, where appropriate. The economic useful lives of the assets and probable future economic benefits are assessed annually and may vary depending on a number of factors.

continued...

3. **ACCOUNTING POLICIES - continued**

Turnover
Turnover is recognised when the significant risks and rewards of the goods and services provided are transferred to the buyer, the amount of turnover can be measured reliably and it is probable that the economic benefit associated with the transaction will flow to the company.

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

Turnover for the company comprises the following steams:
i) Sale of goods - Turnover from the sale of food and beverages is recognised at the point of sale.
ii) Rendering of services - Turnover from room sales and other guest services is recognised when rooms are occupied and as services are provided.

Goodwill
Goodwill, being the amount paid in connection with the acquisition of a business in 2016, is being amortised evenly over its estimated useful life of ten years.

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

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Freehold buildings - 2 % on cost
Plant and machinery - 15% on cost
Fixtures and fittings - 15% on cost
Computer equipment - 25% on cost
Motor vehicles - 25% on cost

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the statement of comprehensive income.

Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

 continued...

3. **ACCOUNTING POLICIES - continued**

Investments in subsidiaries
Investments in subsidiary undertakings are recognised at cost.

Investments in subsidiary undertakings are stated at cost less any provision for impairment in value.

Inventories
Inventories are valued at the lower of cost and net realisable value. Cost is the purchase cost on a first-in, first-out basis. Net realisable value is selling price less any costs expected to be incurred to disposal.

Financial instruments
Basic financial assets, which include trade debtors, other debtors, cash and bank balances, amounts owed by directors, are initially measured at the transaction price including transaction costs and are subsequently recognised at amortised cost.

Basic financial liabilities, including trade creditors and other creditors are initially recognised at transaction price and are subsequently recognised at amortised cost.

Bank loans, classified as basic financial instruments, are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, bank loans are stated at amortised cost using the effective interest method less any impairment losses.

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 entity after deducting all of its financial liabilities.

Taxation
Taxation for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

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

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

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

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

Pension costs
The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Interest receivable and interest payable
Interest income and interest payable are recognised in profit and loss as they accrue, using the effective interest method.

continued...

3. ACCOUNTING POLICIES - continued

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

4. TURNOVER

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

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

	Period 2/10/17 to 30/9/18	Period 3/10/16 to 1/10/17
	£	£
Sale of goods	8,124,002	8,013,200
Rendering of services	11,428,569	10,923,932
	19,552,571	18,937,132

5. EMPLOYEES AND DIRECTORS

	Period 2/10/17 to 30/9/18	Period 3/10/16 to 1/10/17
	£	£
Wages and salaries	6,576,219	6,607,232
Social security costs	464,509	493,116
Other pension costs	211,276	116,710
	7,252,004	7,217,058

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

	Period 2/10/17 to 30/9/18	Period 3/10/16 to 1/10/17
Hotel and administration	385	403
Directors	2	2
	387	405

	Period 2/10/17 to 30/9/18	Period 3/10/16 to 1/10/17
	£	£
Directors' remuneration	75,539	81,077
Directors' pension contributions to money purchase schemes	10,000	40,000

continued...

5. EMPLOYEES AND DIRECTORS - continued

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	1	1

6. OPERATING PROFIT

The operating profit is stated after charging:

	Period 2/10/17 to 30/9/18 £	Period 3/10/16 to 1/10/17 £
Depreciation - owned assets	1,239,670	1,118,409
Loss on disposal of fixed assets	1,646	-
Goodwill amortisation	30,000	30,000
Auditors' remuneration	18,400	16,770
Auditors' remuneration for non audit work	10,497	10,815

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	Period 2/10/17 to 30/9/18 £	Period 3/10/16 to 1/10/17 £
Bank interest	-	245
Bank loan interest	107,452	118,043
Interest on corporation tax	311	-
	107,763	118,288

8. TAXATION

Analysis of the tax charge
The tax charge on the profit for the period was as follows:

	Period 2/10/17 to 30/9/18 £	Period 3/10/16 to 1/10/17 £
Current tax:		
UK corporation tax	830,532	741,173
Prior year over provision	(11)	-
Total current tax	830,521	741,173
Deferred tax	(2,854)	(27,703)
Tax on profit	827,667	713,470

continued...

8. **TAXATION - continued**

Reconciliation of total tax charge included in profit and loss
The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	Period 2/10/17 to 30/9/18 £	Period 3/10/16 to 1/10/17 £
Profit before tax	3,466,232	3,045,357
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.500%)	658,584	593,845
Effects of:		
Expenses not deductible for tax purposes	169,083	119,625
Total tax charge	827,667	713,470

The tax rate for the current year is lower than the prior year, due to changes in the UK corporation tax rate, which decreased from 20% to 19% from 1 April 2017. Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

9. **DIVIDENDS**

	Period 2/10/17 to 30/9/18 £	Period 3/10/16 to 1/10/17 £
Interim	1,000,043	1,010,158

10. **INTANGIBLE FIXED ASSETS**

	Goodwill £
COST	
At 2 October 2017 and 30 September 2018	300,000
AMORTISATION	
At 2 October 2017	32,500
Amortisation for period	30,000
At 30 September 2018	62,500
NET BOOK VALUE	
At 30 September 2018	237,500
At 1 October 2017	267,500

continued...

11. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Fixtures and fittings £
COST			
At 2 October 2017	32,499,912	2,108,237	1,205,341
Additions	321,760	297,737	289,004
Disposals	-	(52,383)	(29,435)
Impairments	(199,139)	-	-
At 30 September 2018	32,622,533	2,353,591	1,464,910
DEPRECIATION			
At 2 October 2017	6,121,279	823,183	494,200
Charge for period	622,965	325,304	196,829
Eliminated on disposal	-	(23,437)	(29,435)
At 30 September 2018	6,744,244	1,125,050	661,594
NET BOOK VALUE			
At 30 September 2018	25,878,289	1,228,541	803,316
At 1 October 2017	26,378,633	1,285,054	711,141

	Motor vehicles £	Computer equipment £	Totals £
COST			
At 2 October 2017	29,558	362,915	36,205,963
Additions	15,043	70,966	994,510
Disposals	-	(16,399)	(98,217)
Impairments	-	-	(199,139)
At 30 September 2018	44,601	417,482	36,903,117
DEPRECIATION			
At 2 October 2017	18,927	122,826	7,580,415
Charge for period	6,241	88,331	1,239,670
Eliminated on disposal	-	(10,399)	(63,271)
At 30 September 2018	25,168	200,758	8,756,814
NET BOOK VALUE			
At 30 September 2018	19,433	216,724	28,146,303
At 1 October 2017	10,631	240,089	28,625,548

continued...

12. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 2 October 2017 and 30 September 2018	2
NET BOOK VALUE	
At 30 September 2018	2
At 1 October 2017	2

The company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Alexander House Hotel Limited
Registered office: No 1 St Pauls Square, Liverpool, Merseyside, L3 9SJ
Nature of business: Dormant

Class of shares:	% holding
Ordinary	100.00

	2018 £	2017 £
Aggregate capital and reserves	1	1

Alexander Hotels Limited
Registered office: No 1 St Pauls Square, Liverpool, Merseyside, L3 9SJ
Nature of business: Dormant

Class of shares:	% holding
Ordinary	100.00

	2018 £	2017 £
Aggregate capital and reserves	1	1

The group accounts are not required as its subsidiaries are dormant during the year.

13. STOCKS

	2018 £	2017 £
Raw materials and consumables	178,422	166,614

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Trade debtors	323,608	561,097
Other debtors	360,268	333,238
Directors' current accounts	80,000	1,000,000
Prepayments	629,192	543,057
	1,393,068	2,437,392

continued...

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Bank loans and overdrafts (see note 17)	1,236,923	1,340,000
Trade creditors	1,084,987	1,384,757
Tax	422,005	341,173
Social security and other taxes	113,979	112,739
VAT	509,067	365,974
Other creditors	33,306	29,130
Deferred income	1,696,657	1,352,414
Accrued expenses	226,362	334,602
	5,323,286	5,260,789

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

	2018	2017
	£	£
Bank loans (see note 17)	2,473,846	4,020,000
Deferred income	103,474	53,070
	2,577,320	4,073,070

17. LOANS

An analysis of the maturity of loans is given below:

	2018	2017
	£	£
Amounts falling due within one year or on demand:		
Bank loans	1,236,923	1,340,000
Amounts falling due between one and two years:		
Bank loans - 1-2 years	1,236,923	1,340,000
Amounts falling due between two and five years:		
Bank loans - 2-5 years	1,236,923	2,680,000

The bank loan is repayable by instalments by 2021. The loan accrues interest at a variable rate equivalent to LIBOR plus 1.75%.

18. SECURED DEBTS

The following secured debts are included within creditors:

	2018	2017
	£	£
Bank loans	3,710,769	5,360,000

The bank loan is secured by a debenture and charge over Alexander House Hotel.

continued...

19. FINANCIAL INSTRUMENTS

The company's financial instruments may be analysed as follows:

Financial assets

	2018	2017
Financial assets that are debt instruments measured at amortised cost	£3,134,055	£2,520,338

Financial liabilities

	2018	2017
Financial liabilities measured at amortised cost	£6,855,556	£8,513,973

20. PROVISIONS FOR LIABILITIES

	2018	2017
	£	£
Deferred tax	103,699	106,553

	Deferred tax
	£
Balance at 2 October 2017	106,553
Credit to Statement of Comprehensive Income during period	(2,854)
Balance at 30 September 2018	103,699

21. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2018	2017
			£	£
5,725,002	Ordinary	£1	5,725,002	5,725,002

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

22. PENSION COMMITMENTS

The total expense relating to defined contribution pension included in profit and loss accounts in the current year was £211,276 (2017: £116,710). Included within other creditors are unpaid pension contributions of £25,433 (2017: £9,532).

23. CAPITAL COMMITMENTS

	2018	2017
	£	£
Contracted but not provided for in the financial statements	44,731	214,905

continued...

24. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to a director subsisted during the periods ended 30 September 2018 and 1 October 2017:

	2018	2017
	£	£
P S Hinchcliffe		
Balance outstanding at start of period	1,000,000	1,000,030
Amounts advanced	90,015	1,035,000
Amounts repaid	(1,010,015)	(1,035,030)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of period	80,000	1,000,000

The interest free loan is repayable on demand and within 9 months of the financial year end.

25. RELATED PARTY DISCLOSURES

During the period, a total of key management personnel compensation of £474,217 was paid.

26. POST BALANCE SHEET EVENTS

On 7 November 2018 the company acquired a new subsidiary.

27. ULTIMATE CONTROLLING PARTY

The controlling party is P S Hinchcliffe.