

Registration number: 4469189

# Sykes Cottages Ltd

Annual Report and Financial Statements

for the Year Ended 30 September 2014

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**Sykes Cottages Ltd**  
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**Sykes Cottages Ltd**  
**Company Information**

<b>Directors</b>	C P Sykes L J Teasdale M G Hill
<b>Company secretary</b>	S J Taylor
<b>Registered office</b>	Lime Tree House Hoole Lane Chester CH2 3EG
<b>Bankers</b>	Lloyds Bank plc Foregate St Chester  NatWest Bank plc 33 Eastgate St Chester CH1 1LG  AIB 37 Upper Connell St Dublin  Credit Agricole 20 Rue Hector Malot 75012 Paris
<b>Auditor</b>	KPMG LLP Chartered Accountants 1 St Peter's Square Manchester M2 3AE

**Sykes Cottages Ltd**  
**Strategic Report for the Year Ended 30 September 2014**

The directors present their strategic report for the year ended 30 September 2014.

Sykes Cottages Ltd continue to deliver a holiday letting agency service in the UK and Ireland. We provide multi-channel marketing, to reach millions of customers on and offline. Our booking management service covers a portfolio of over 4,500 cottages in the UK and over 750 in Ireland.

**Business review**

***Fair review of the business***

The profit and loss account is set out on page 9, showing an operating profit for the year ended 30 September 2014 of £3,239,233 (2013 - £3,792,634). The directors are satisfied with the trading performance and will continue to develop the existing activities of the company.

During the year, the company increased the number of properties available for rental and at 30 September 2014 the company had a stock of 5,007 live properties (2013 - 4,440). No meaningful market share data is available but by virtue of this stock increase, the business believes its market share has increased.

On 26 January 2015, 100% of the ordinary share capital of Sykes Cottages Ltd was acquired by Go-Sykes Ltd, which is a 100% owned subsidiary of Sykes Cottages Holdings Ltd.

Sykes Cottages Holdings Ltd is funded via investment from the existing shareholders and Living Bridge LLP, who have a controlling interest.

***Key financial indicators***

The company's key financial and other performance indicators during the year were as follows:

	Unit	2014	2013
Gross profit margin	%	61.00	64.00
Operating profit margin	%	21.00	28.00
Current ratio	1.00	0.70	1.03
Return on capital employed	%	105.00	127.00

***Principal risks and uncertainties***

The company operates in a competitive market with regards to price and stock acquisition. The company maintains a competitive pricing policy and has strong relationships with property owners in order to minimise such risks.

The company's activities expose it to a number of financial risks including liquidity risk, foreign currency risk, interest rate risk, cash flow risk and price risk.

**Sykes Cottages Ltd**  
**Strategic Report for the Year Ended 30 September 2014**

..... *continued*

**Financial instruments**

***Objectives and policies***

The company does not use derivative financial instruments for speculative purposes. The company enters into financial derivative contracts to mitigate financial risk and details are included below under the relevant risk heading.

***Price risk, credit risk, liquidity risk and cash flow risk***

**Price risk**

The prices of the company's products are predominantly agreed at the start of each season, although exchange rate movements may affect the sterling price, foreign currency risk is detailed below.

**Foreign currency risk**

The company makes significant purchases and receives monies from sales denominated in foreign currency. In order to mitigate the risk of movements in foreign currency rates, the company enters into foreign currency derivative contracts.

**Credit risk**

The company has a large number of small customers, but the directors believe that credit risk is mitigated by the fact that customers are required to pay before the holiday is taken.

**Liquidity risk**

The company's cash balances and deposits are managed to provide a balance between maximising interest rate returns and maintaining access to working capital. We ensure our short term deposits are flexible and accessible if required. Working capital requirements are monitored on an ongoing basis, so the directors do not consider there to be a significant risk in this area.

**Interest rate risk**

Interest is credited on the company's cash balances at variable rates. Given that there is limited exposure to debt and the level of interest rates are so low, the directors do not consider it necessary to mitigate the interest rate risk.

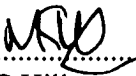
**Cash flow risk**

The directors consider that the main risk concerning cash flow relates to unexpected reductions in demand. The company maintains a flexible cost structure that the directors believe would mitigate this risk.

**Sykes Cottages Ltd**  
**Strategic Report for the Year Ended 30 September 2014**

..... *continued*

Approved by the Board on 27/2/15..... and signed on its behalf by:

  
.....  
M G Hill  
Director

## **Sykes Cottages Ltd**

### **Directors' Report for the Year Ended 30 September 2014**

The directors present their report and the financial statements for the year ended 30 September 2014.

#### **Political contributions**

The company made no political donations or incurred any political expenditure in the year.

#### **Dividends**

The company paid dividends of £1,870,000 in the year (2013 - £2,748,132). No final dividend for the year is proposed.

#### **Directors of the company**

The directors who held office during the year were as follows:

C P Sykes

L J Teasdale

M G Hill


#### **Disclosure of information to auditors**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

#### **Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Approved by the Board on .....27/3/15..... and signed on its behalf by:

  
.....  
M G Hill  
Director

Lime Tree House  
Hoole Lane  
Chester  
CH2 3EG

## **Sykes Cottages Ltd**

### **Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (United Kingdom Generally Accepted Accounting Practice).

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 apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.





**KPMG LLP**

1 St Peter's Square  
Manchester  
M2 3AE  
United Kingdom

**Independent Auditor's Report to the Members of  
Sykes Cottages Ltd**

We have audited the financial statements of Sykes Cottages Ltd for the year ended 30 September 2014 set out on pages 9 to 26. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

**Respective responsibilities of directors and auditor**

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

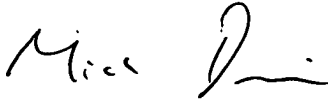
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Independent Auditor's Report to the Members of  
Sykes Cottages Ltd (continued)**

**Matters on which we are required to report by exception**

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.



**Mick Davies (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
1 St Peter's Square  
Manchester  
M2 3AE

30/3/2015

**Sykes Cottages Ltd**  
**Profit and Loss Account for the Year Ended 30 September 2014**

	Note	2014 £	2013 £
Turnover	2	17,447,118	13,456,880
Cost of sales		<u>(6,719,756)</u>	<u>(4,836,313)</u>
Gross profit		10,727,362	8,620,567
Administrative expenses		(6,057,715)	(4,654,582)
Exceptional costs	3	<u>(1,430,414)</u>	<u>(173,351)</u>
Operating profit	3	3,239,233	3,792,634
Other interest receivable and similar income	6	39,732	59,444
Interest payable and similar charges	7	<u>(4,561)</u>	<u>-</u>
Profit on ordinary activities before taxation		3,274,404	3,852,078
Tax on profit on ordinary activities	8	<u>(930,633)</u>	<u>(920,767)</u>
Profit for the financial year	17	<u><u>2,343,771</u></u>	<u><u>2,931,311</u></u>


Turnover and operating profit derive wholly from continuing operations.

The company has no recognised gains or losses for the year other than the results above and therefore no separate statement of total recognised gains and losses has been presented.

**Sykes Cottages Ltd**  
**(Registration number: 4469189)**  
**Balance Sheet at 30 September 2014**

	Note	2014 £	2013 £
<b>Fixed assets</b>			
Intangible fixed assets	9	843,308	384,982
Investment properties	10	275,000	310,735
Tangible fixed assets	11	<u>3,974,738</u>	<u>2,179,628</u>
		<u>5,093,046</u>	<u>2,875,345</u>
<b>Current assets</b>			
Debtors	12	323,506	234,793
Cash at bank and in hand		<u>3,367,646</u>	<u>5,610,449</u>
		3,691,152	5,845,242
Creditors: Amounts falling due within one year	13	<u>(5,230,227)</u>	<u>(5,692,183)</u>
Net current (liabilities)/assets		<u>(1,539,075)</u>	<u>153,059</u>
Total assets less current liabilities		3,553,971	3,028,404
Provisions for liabilities	14	<u>(148,790)</u>	<u>(96,994)</u>
Net assets		<u><u>3,405,181</u></u>	<u><u>2,931,410</u></u>
<b>Capital and reserves</b>			
Called up share capital	15	100	100
Profit and loss account	17	<u>3,405,081</u>	<u>2,931,310</u>
Shareholders' funds	18	<u><u>3,405,181</u></u>	<u><u>2,931,410</u></u>

Approved and authorised for issue by the Board on 27/2/15..... and signed on its behalf by:

  
.....  
M G Hill  
Director

**Sykes Cottages Ltd**  
**Cash Flow Statement for the Year Ended 30 September 2014**

**Reconciliation of operating profit to net cash flow from operating activities**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Operating profit	3,239,233	3,792,634
Depreciation, amortisation and impairment charges	1,249,983	72,857
(Increase)/decrease in debtors	(88,713)	13,259
Increase in creditors	<u>1,188,328</u>	<u>706,322</u>
Net cash inflow from operating activities	<u><u>5,588,831</u></u>	<u><u>4,585,072</u></u>

**Cash flow statement**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Net cash inflow from operating activities	<u>5,588,831</u>	<u>4,585,072</u>
<b>Returns on investments and servicing of finance</b>		
Interest received	39,732	59,444
Interest paid	<u>(4,561)</u>	<u>-</u>
	35,171	59,444
Taxation paid	(951,717)	(968,849)
<b>Capital expenditure and financial investment</b>		
Capital expenditure	(3,467,684)	(1,249,338)
Equity dividends paid	<u>(4,061,954)</u>	<u>(556,178)</u>
Net cash (outflow)/inflow before management of liquid resources and financing	(2,857,353)	1,870,151
<b>Financing</b>		
New borrowings	<u>614,550</u>	<u>-</u>
(Decrease)/increase in cash	<u><u>(2,242,803)</u></u>	<u><u>1,870,151</u></u>

The notes on pages 13 to 26 form an integral part of these financial statements.

**Sykes Cottages Ltd**  
**Cash Flow Statement for the Year Ended 30 September 2014**

**Reconciliation of net cash flow to movement in net debt**

	Note	2014 £	2013 £
(Decrease)/increase in cash		(2,242,803)	1,870,151
Cash inflow from new borrowings		<u>(614,550)</u>	<u>-</u>
Change in net debt resulting from cash flows	20	<u>(2,857,353)</u>	<u>1,870,151</u>
Movement in net debt	20	(2,857,353)	1,870,151
Net funds at 1 October	20	<u>5,610,449</u>	<u>3,740,298</u>
Net funds at 30 September	20	<u><u>2,753,096</u></u>	<u><u>5,610,449</u></u>

## **Sykes Cottages Ltd**

### **Notes to the Financial Statements for the Year Ended 30 September 2014**

#### **1 Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

##### **Basis of preparation**

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules.

The directors have considered the future trading prospects of the business together with the level of its cash resources, taking into account reasonable sensitivities, and consider the going concern assertion to be appropriate.

##### **Going concern**

The financial statements have been prepared on a going concern basis for the reasons noted in the paragraph above.

##### **Turnover**

Turnover represents amounts chargeable, net of value added tax, in respect of the sale of goods and services to customers.

Income is recognised at the point of booking confirmation, along with receipt of payment. This is when risks and rewards relating to the transaction are transferred.

##### **Goodwill**

Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

##### **Amortisation**

Amortisation is provided on intangible fixed assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

<b>Asset class</b>	<b>Amortisation method and rate</b>
Goodwill	10% per annum on cost
Software development	25% per annum on cost

##### **Depreciation**

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

## **Sykes Cottages Ltd**

### **Notes to the Financial Statements for the Year Ended 30 September 2014**

<b>Asset class</b>	<b>Depreciation method and rate</b>
Computer equipment	25% per annum on cost
Office furniture and equipment	25% per annum on cost
Plant and machinery	25% per annum on cost

#### **Taxation**

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19.

#### **Foreign currency**

Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing rates at the balance sheet date. All exchange differences are included in the profit and loss account.

#### **Hire purchase and leasing**

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

#### **Intangible fixed assets and amortisation**

Intangible fixed assets purchased separately from a business are capitalised at their cost.

Intangible assets acquired as part of an acquisition are capitalised at their fair value where this can be measured reliably. (Fair values are restricted to an amount that does not create, or increase, any negative goodwill.)

Concessions, patents, licences and trademarks purchased by the Company are amortised to nil by equal annual instalments over their useful economic lives, generally their respective unexpired periods, of between 10 and 20 years.



## **Sykes Cottages Ltd**

### **Notes to the Financial Statements for the Year Ended 30 September 2014**

#### **Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account.

#### **Pensions**

The company operates a defined contribution pension scheme. Contributions are recognised in the profit and loss account in the period in which they become payable in accordance with the rules of the scheme.

#### **Land and buildings**

Land and buildings comprise costs incurred on the purchase and renovation of three holiday cottages. Two of the properties were still undergoing renovation and had not been brought into use at the year end.

#### **Research and development expenditure**

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred. Development expenditure is capitalised only where there is a clearly defined project, the expenditure is separately identifiable, the outcome of the project can be assessed with reasonable certainty, aggregate costs are expected to exceed related future sales and adequate resources exist to enable the project to be completed.

#### **Investment properties**

Investment properties are revalued annually and included in the balance sheet at their open market value. In accordance with SSAP 19, no depreciation is provided in respect of investment properties. This represents a departure from the Companies Act 2006 requirement concerning the depreciation of fixed assets. Had SSAP 19 not been followed, the depreciation charge for the financial year on investment properties would have been £6,215 (2013: £6,215).

**Sykes Cottages Ltd**  
**Notes to the Financial Statements for the Year Ended 30 September 2014**

**2 Turnover**

An analysis of turnover by geographical location is given below:

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
UK and Ireland	17,447,118	13,456,880
Turnover	<u>17,447,118</u>	<u>13,456,880</u>

**3 Operating profit**

Operating profit is stated after charging:

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Operating leases - other assets	75,323	59,337
Auditor's remuneration - The audit of the company's annual accounts	15,600	15,000
Auditor's remuneration - Tax services	6,000	4,075
Foreign currency losses/(gains)	17,010	(74,587)
Depreciation of owned assets (see note 11)	82,296	56,448
Amortisation	117,273	16,409
Exceptional costs	<u>1,430,414</u>	<u>173,351</u>

Exceptional costs for 2014 comprise of £380,000 of company contributions paid to money purchase pension schemes for the directors and impairment costs of investment properties and assets under construction totalling £1,050,414. Exceptional costs in 2013 relate to a settlement agreement with HMRC in respect of the Sykes Cottages Limited Employee Benefit Trust

**Sykes Cottages Ltd**  
**Notes to the Financial Statements for the Year Ended 30 September 2014**

**4 Particulars of employees**

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	<b>2014</b>	<b>2013</b>
	<b>No.</b>	<b>No.</b>
Administration and support	92	75
Sales	86	84
	<u>178</u>	<u>159</u>

The aggregate payroll costs were as follows:

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Wages and salaries	3,415,079	2,887,319
Staff pensions	47,636	24,307
	<u>3,462,715</u>	<u>2,911,626</u>

**5 Directors' remuneration**

The directors' remuneration for the year was as follows:

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Remuneration	330,000	330,000
Company contributions paid to money purchase schemes	380,000	-

In respect of the highest paid director:

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Remuneration	<u>125,000</u>	<u>125,000</u>

**Sykes Cottages Ltd**  
**Notes to the Financial Statements for the Year Ended 30 September 2014**

**6 Other interest receivable and similar income**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Bank interest receivable	<u>39,732</u>	<u>59,444</u>

**7 Interest payable and similar charges**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Interest on bank borrowings	<u>4,561</u>	<u>-</u>
	<u>4,561</u>	<u>-</u>

**8 Taxation**

**Tax on profit on ordinary activities**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
Corporation tax charge	878,837	854,053
<b>Deferred tax</b>		
Origination of timing differences (see note 14)	<u>51,796</u>	<u>66,714</u>
Total tax on profit on ordinary activities	<u>930,633</u>	<u>920,767</u>

**Factors affecting current tax charge for the year**

Tax on profit on ordinary activities for the year is higher than (2013 - lower than) the standard rate of corporation tax in the UK of 22% (2013 - 23.49%).

The differences are reconciled below:

**Sykes Cottages Ltd**  
**Notes to the Financial Statements for the Year Ended 30 September 2014**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before taxation	<u>3,274,404</u>	<u>3,852,078</u>
Corporation tax at standard rate	720,277	904,853
Capital allowances for period in excess of depreciation	(73,445)	(92,053)
Other short term timing differences	630	-
Disallowable expenditure	<u>231,375</u>	<u>41,253</u>
Total current tax	<u>878,837</u>	<u>854,053</u>

**Factors that may affect future tax charges**

The Budget on 20 March 2013 announced that the UK corporation tax rate will reduce to 20% by 2015. A reduction in rate from 23% to 21% (effective 1 April 2014) and 20% (effective 1 April 2015) was substantively enacted on 2 July 2013.

This will reduce the element of the Company's future current tax charge arising in the UK accordingly.

**Sykes Cottages Ltd**  
**Notes to the Financial Statements for the Year Ended 30 September 2014**

**9 Intangible fixed assets**

	<b>Goodwill £</b>	<b>Software £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 October 2013	278,076	401,391	679,467
Additions	<u>-</u>	<u>575,599</u>	<u>575,599</u>
At 30 September 2014	<u>278,076</u>	<u>976,990</u>	<u>1,255,066</u>
<b>Amortisation</b>			
At 1 October 2013	278,076	16,409	294,485
Charge for the year	<u>-</u>	<u>117,273</u>	<u>117,273</u>
At 30 September 2014	<u>278,076</u>	<u>133,682</u>	<u>411,758</u>
<b>Net book value</b>			
At 30 September 2014	<u>-</u>	<u>843,308</u>	<u>843,308</u>
At 30 September 2013	<u>-</u>	<u>384,982</u>	<u>384,982</u>

Internal software development expenditure has been capitalised for a defined project where the expenditure was separately identifiable. The cost will be amortised over the useful life of the asset.

**Sykes Cottages Ltd**  
**Notes to the Financial Statements for the Year Ended 30 September 2014**

**10 Investment properties**

	<b>Craster Reach</b>	<b>Total</b>
	<b>£</b>	<b>£</b>
<b>Cost or valuation</b>		
At 1 October 2013	310,735	310,735
Impairment	<u>(35,735)</u>	<u>(35,735)</u>
At 30 September 2014	<u>275,000</u>	<u>275,000</u>

The last full valuation was performed at 7 October 2014. The full valuations were performed by Strutt and Parker LLP.

Equivalent properties in the area have sold for similar values to the investment over the past 12 months. The property is maintained to a high standard and continues to provide a return consistent with the holiday rental market average.

If the revalued investment property was stated on the historical cost basis, then the cost of the investment property would be £310,735 (2013: £310,735) and the net book value would be £298,305 (2013: £304,520).

The valuation also covered the two investment properties sat within assets under construction. The valuation suggested a lower amount than cost would be recovered from these properties and so these properties have been revalued downwards (see Note 11).

**Sykes Cottages Ltd**  
**Notes to the Financial Statements for the Year Ended 30 September 2014**

**11 Tangible fixed assets**

	<b>Assets under construction £</b>	<b>Computer equipment £</b>	<b>Plant and machinery £</b>	<b>Office equipment £</b>	<b>Total £</b>
<b>Cost or valuation</b>					
At 1 October 2013	1,994,789	259,653	94,064	102,974	2,451,480
Revaluation	(1,014,679)	-	-	-	(1,014,679)
Additions	2,452,582	162,207	10,763	266,533	2,892,085
Disposals	-	(88,080)	-	(31,270)	(119,350)
At 30 September 2014	<u>3,432,692</u>	<u>333,780</u>	<u>104,827</u>	<u>338,237</u>	<u>4,209,536</u>
<b>Depreciation</b>					
At 1 October 2013	-	126,197	82,000	63,655	271,852
Charge for the year	-	59,917	6,532	15,847	82,296
Eliminated on disposals	-	(88,080)	-	(31,270)	(119,350)
At 30 September 2014	<u>-</u>	<u>98,034</u>	<u>88,532</u>	<u>48,232</u>	<u>234,798</u>
<b>Net book value</b>					
At 30 September 2014	<u>3,432,692</u>	<u>235,746</u>	<u>16,295</u>	<u>290,005</u>	<u>3,974,738</u>
At 30 September 2013	<u>1,994,789</u>	<u>133,456</u>	<u>12,064</u>	<u>39,319</u>	<u>2,179,628</u>

Details of the revaluation of the assets under construction are given in note 10.



**Sykes Cottages Ltd**

**Notes to the Financial Statements for the Year Ended 30 September 2014**

**12 Debtors**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Trade debtors	140,996	78,707
Other debtors	131,043	114,297
Prepayments and accrued income	51,467	41,789
	<u>323,506</u>	<u>234,793</u>

**13 Creditors: Amounts falling due within one year**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Trade creditors	978,986	584,202
Bank loans and overdrafts	614,550	-
Corporation tax	398,429	471,309
Other taxes and social security	815,954	943,304
Other creditors	1,879,569	1,243,704
Directors' current accounts	1,976	2,194,104
Accruals and deferred income	540,763	255,560
	<u>5,230,227</u>	<u>5,692,183</u>

**14 Provisions**

	<b>Deferred tax £</b>	<b>Total £</b>
At 1 October 2013	96,994	96,994
Charged to the profit and loss account (see note 8)	51,796	51,796
At 30 September 2014	<u>148,790</u>	<u>148,790</u>

**Sykes Cottages Ltd**

**Notes to the Financial Statements for the Year Ended 30 September 2014**

**Analysis of deferred tax**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Accelerated capital allowances	171,201	122,647
Other timing differences	<u>(22,411)</u>	<u>(25,653)</u>
	<u><u>148,790</u></u>	<u><u>96,994</u></u>

**15 Share capital**

**Allotted, called up and fully paid shares**

	<b>2014</b>		<b>2013</b>	
	<b>No.</b>	<b>£</b>	<b>No.</b>	<b>£</b>
'A' ordinary of £1 each	70	70	70	70
'B' ordinary of £1 each	20	20	20	20
'C' ordinary of £1 each	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>
	<u><u>100</u></u>	<u><u>100</u></u>	<u><u>100</u></u>	<u><u>100</u></u>

**16 Dividends**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
<b>Dividends declared</b>		
Current year interim dividend declared	<u><u>1,870,000</u></u>	<u><u>2,748,132</u></u>

**17 Reserves**

	<b>Profit and loss account £</b>	<b>Total £</b>
At 1 October 2013	2,931,310	2,931,310
Profit for the year	2,343,771	2,343,771
Dividends	<u>(1,870,000)</u>	<u>(1,870,000)</u>
At 30 September 2014	<u><u>3,405,081</u></u>	<u><u>3,405,081</u></u>

**Sykes Cottages Ltd**  
**Notes to the Financial Statements for the Year Ended 30 September 2014**

**18 Reconciliation of movement in shareholders' funds**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Profit attributable to the members of the company	2,343,771	2,931,311
Dividends	<u>(1,870,000)</u>	<u>(2,748,132)</u>
Net addition to shareholders' funds	473,771	183,179
Shareholders' funds at 1 October	<u>2,931,410</u>	<u>2,748,231</u>
Shareholders' funds at 30 September	<u><u>3,405,181</u></u>	<u><u>2,931,410</u></u>

**19 Pension schemes**

**Defined contribution pension scheme**

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £47,636 (2013 - £24,307).

Contributions totalling £11,481 (2013 - £4,329) were payable to the scheme at the end of the year and are included in creditors.

**20 Analysis of net debt**

	<b>At 1 October</b>	<b>Cash flow</b>	<b>At 30</b>
	<b>2013</b>		<b>September</b>
	<b>£</b>	<b>£</b>	<b>2014</b>
			<b>£</b>
Cash at bank and in hand	5,610,449	(2,242,803)	3,367,646
	-		-
	<u>5,610,449</u>	<u>(2,242,803)</u>	<u>3,367,646</u>
Debt due within one year		(614,550)	(614,550)
	<u>5,610,449</u>	<u>(2,857,353)</u>	<u>2,753,096</u>

## **Sykes Cottages Ltd**

### **Notes to the Financial Statements for the Year Ended 30 September 2014**

#### **21 Related party transactions**

##### **Transaction with directors**

The company rents office premises which are jointly owned by the directors C P Sykes and L J Teasdale. Rents paid during the year amounted to £63,996 (2013 - £56,000).

Included in other creditors falling due within one year are directors' loan account balances of £(23) (2013 - £1,082,937), £nil (2013 - £1,109,167) and £2,000 (2013 - £2,000) due to C P Sykes, L J Teasdale and M G Hill respectively. These balances are interest free and repayable on demand.

Dividends paid to directors in their capacity as shareholders during the year included £810,000 to C P Sykes (2013 - £1,291,622), £810,000 to L J Teasdale (2013 - £1,319,103) and £250,000 to M G Hill (2013 - £137,407).

##### **Other related parties**

A loan was made to Self Catering Travel Ltd during the year of £9,087 (2013 - £(5,184)) and the amount outstanding at 30 September 2014 was £100,101 (2012 - £91,014). Self Catering Travel Ltd is a company under the control of the directors of Sykes Cottages Ltd. Sykes Cottages Ltd made purchases of advertising services from Self Catering Travel Ltd to the value of £133,150 (2013 - £166,791). Included in amounts falling due within one year is a balance due to Self Catering Travel Ltd of £19,080 (2013 - £8,350).

#### **22 Control**

The company is controlled by the directors who own 90% of the called up share capital.

On 26 January 2015, 100% of the ordinary share capital of Sykes Cottages Ltd was acquired by Go-Sykes Ltd, which is a 100% owned subsidiary of Sykes Cottages Holdings Ltd.

#### **23 Post balance sheet events**

Three properties with a net book value totalling £3,432,692 which have been included as part of "assets under construction" for the year ended 30 September 2014 have subsequently been disposed of. The investment property, at net book value of £275,000 at year end, has also been disposed of post year end.