

Company Registration No. 07053896 (England and Wales)

WELCOME HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

WELCOME HOLDINGS LIMITED

COMPANY INFORMATION

Directors	Mr J Peterson Mr M A Balaam
Secretary	Mr S Montague
Company number	07053896
Registered office	1 Cibyn Industrial Estate Caernarfon Gwynedd LL55 2BD
Auditor	Champion Accountants LLP 2nd Floor Refuge House 33-37 Watergate Row Chester CH1 2LE

WELCOME HOLDINGS LIMITED

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WELCOME HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present the strategic report for the year ended 31 March 2020.

Review of the business

The company is an intermediate holding company, whose income is represented by management charges, dividends and rent from other group companies.

Principal risks and uncertainties

The key risk to the company is considered to relate to the performance of the UK wide retail economy. This risk would be in the form of a downturn in consumer spending and a potential increase in interest rates.

Objectives and policies

The business' principal financial instruments comprise bank borrowing and group balances.

Financial instruments are managed in such a way as to ensure that there are sufficient funds available to meet liabilities as they fall due.

Coronavirus

The spread of the Coronavirus pandemic has increased uncertainty for the Welcome Holdings Ltd.

With the UK economy now experiencing a recession, precautionary steps were taken by the directors to increase the liquidity of business' in the group, predominantly by support from the company's principal bank, in the form of a Covid Business Interruption Loan as well as other government financial assistance which are all now in place.

Cash flow risk

Cash flow risk is managed by careful cash flow forecasting, planning and monitoring to ensure repayment of commitments.

On behalf of the board

Mr J Peterson

Director

16 November 2020

WELCOME HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present their annual report and financial statements for the year ended 31 March 2020.

Principal activities

The principal activity of the company continued to be that of a holding company.

Directors

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

Mr J Peterson
Mr M A Balaam

Results and dividends

The results for the year are set out on page 6.

Ordinary dividends were paid amounting £91,000. The directors do not recommend payment of a further dividend.

Auditor

Champion Accountants LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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;
- 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 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 company's auditor 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 company's auditor is aware of that information.

WELCOME HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

On behalf of the board

Mr J Peterson
Director

16 November 2020

WELCOME HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF WELCOME HOLDINGS LIMITED

Opinion

We have audited the financial statements of Welcome Holdings Limited (the 'company') for the year ended 31 March 2020 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity 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 company's affairs as at 31 March 2020 and of its 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 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 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

WELCOME HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF WELCOME HOLDINGS 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 and the directors' 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, 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 directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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.

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.

Susan Harris MA ACA (Senior Statutory Auditor)
for and on behalf of Champion Accountants LLP

18 November 2020

Chartered Accountants
Statutory Auditor

2nd Floor Refuge House
33-37 Watergate Row
Chester
CH1 2LE

WELCOME HOLDINGS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	2019 £
Turnover	3	540,000	615,000
Administrative expenses		(669,714)	(547,540)
Other operating income		218,809	237,097
Operating profit	4	89,095	304,557
Interest receivable and similar income	6	91,000	91,000
Interest payable and similar expenses	7	(40,655)	(25,550)
Profit before taxation		139,440	370,007
Tax on profit	8	(53,643)	(71,748)
Profit for the financial year		85,797	298,259

The profit and loss account has been prepared on the basis that all operations are continuing operations.

WELCOME HOLDINGS LIMITED

BALANCE SHEET

AS AT 31 MARCH 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	10	2,399,696		1,918,839	
Investments	11	100		100	
		<u>2,399,796</u>		<u>1,918,939</u>	
Current assets					
Debtors	13	1,696,618		933,314	
Cash at bank and in hand		20,470		14,479	
		<u>1,717,088</u>		<u>947,793</u>	
Creditors: amounts falling due within one year	14	<u>(2,724,546)</u>		<u>(1,976,210)</u>	
Net current liabilities			<u>(1,007,458)</u>		<u>(1,028,417)</u>
Total assets less current liabilities			1,392,338		890,522
Creditors: amounts falling due after more than one year	15		(936,926)		(454,237)
Provisions for liabilities	18		<u>(132,378)</u>		<u>(108,048)</u>
Net assets			<u>323,034</u>		<u>328,237</u>
Capital and reserves					
Called up share capital	20		100		100
Revaluation reserve			76,476		91,303
Profit and loss reserves			246,458		236,834
Total equity			<u>323,034</u>		<u>328,237</u>

The financial statements were approved by the board of directors and authorised for issue on 16 November 2020 and are signed on its behalf by:

Mr J Peterson
Director

Company Registration No. 07053896

WELCOME HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

		Share capital	Revaluation reserve	Profit and loss reserves	Total
	Notes	£	£	£	£
Balance at 1 April 2018		100	104,257	16,621	120,978
Year ended 31 March 2019:					
Profit and total comprehensive income for the year		-	-	298,259	298,259
Dividends	9	-	-	(91,000)	(91,000)
Transfers		-	(12,954)	12,954	-
Balance at 31 March 2019		100	91,303	236,834	328,237
Year ended 31 March 2020:					
Profit and total comprehensive income for the year		-	-	85,797	85,797
Dividends	9	-	-	(91,000)	(91,000)
Transfers		-	(14,827)	14,827	-
Balance at 31 March 2020		100	76,476	246,458	323,034

WELCOME HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

Company information

Welcome Holdings Limited is a private company limited by shares incorporated in England and Wales. The registered office and principal place of business is 1 Cibyn Industrial Estate, Caernarfon, Gwynedd, LL55 2BD.

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. The principal accounting policies adopted are set out below.

This 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 consolidated 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:

- 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': 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 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Welcome Furniture Group Limited. These consolidated financial statements are available from its registered office as noted above in company information.

WELCOME HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.2 Going concern

The directors have considered the on-going situation with regard to COVID-19 as part of their going concern assessment. The view of the directors is that, while they acknowledge the significant disruption that the pandemic will bring over the coming weeks and months, the directors believe that the company is well placed to negotiate the unique set of conditions currently facing the UK economy.

Precautionary steps were taken by the directors to increase the liquidity of the group businesses. Support from the company's principal bankers in the form of a Covid Business Interruption Loan as well as other government financial assistance is now in place.

At the beginning of the pandemic, the Directors acted quickly to identify the potential risks and immediately put plans in place to mitigate the effect on both the operational aspects of the business and the welfare of its staff. These actions give the directors the comfort in being able to meet the company's liabilities for the coming 12 months.

In reaching their conclusion, the directors have reviewed the company's monthly cash flows, applied sensitivity analyses as appropriate, and considered the various financial support measures that have been announced by the UK government.

After consideration of all factors, the directors continue to adopt the going concern basis in preparing the financial statements

1.3 Turnover

Turnover represents amounts chargeable, net of value added tax and trade discounts, in respect of management charges.

1.4 Tangible fixed assets

Tangible fixed assets 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:

Freehold land and buildings	12 years on a straight line basis, Land is not depreciated
Short leasehold land and buildings	12 years on a straight line basis
Plant and equipment	15% - 50% on a straight line basis
Fixtures and fittings	50% on a straight line basis
Motor vehicles	25% on a straight line basis

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 credited or charged to profit or loss.

1.5 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

WELCOME HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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.

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.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand.

1.8 Financial instruments

The company 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 company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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 debtors and cash and bank balances, 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.

WELCOME HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

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 company 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 company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies are initially recognised at transaction price.

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

Other financial liabilities

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 that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. 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 company's contractual obligations expire or are discharged or cancelled.

WELCOME HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.9 Equity instruments

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

1.10 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 profit and loss account 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 company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

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. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. 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.

1.11 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 fixed 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.

1.12 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

WELCOME HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.13 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are 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 Turnover and other revenue

	2020	2019
	£	£
Turnover analysed by class of business		
Management charges	540,000	615,000
	<u> </u>	<u> </u>
	2020	2019
	£	£
Other significant revenue		
Dividends received	91,000	91,000
Grants received	32,576	40,243
	<u> </u>	<u> </u>
	2020	2019
	£	£
Turnover analysed by geographical market		
UK	540,000	615,000
	<u> </u>	<u> </u>

Grants received during the year relate to monies received under the Single Investment Fund in Wales.

WELCOME HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

4 Operating profit

	2020	2019
	£	£
Operating profit for the year is stated after charging/(crediting):		
Government grants	(32,576)	(40,243)
Depreciation of owned tangible fixed assets	378,344	378,418
Depreciation of tangible fixed assets held under finance leases	114,340	49,965
Loss on disposal of tangible fixed assets	24,105	-
	<u> </u>	<u> </u>

5 Employees

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

	2020	2019
	Number	Number
Number of administrative staff	2	2
	<u> </u>	<u> </u>

6 Interest receivable and similar income

	2020	2019
	£	£
Income from fixed asset investments		
Income from shares in group undertakings	91,000	91,000
	<u> </u>	<u> </u>

7 Interest payable and similar expenses

	2020	2019
	£	£
Interest on bank overdrafts and loans	13,535	10,411
Interest on finance leases and hire purchase contracts	27,120	15,139
	<u> </u>	<u> </u>
	40,655	25,550
	<u> </u>	<u> </u>

8 Taxation

	2020	2019
	£	£
Current tax		
UK corporation tax on profits for the current period	22,999	65,936
Adjustments in respect of prior periods	6,314	-
	<u> </u>	<u> </u>
Total current tax	29,313	65,936
	<u> </u>	<u> </u>

WELCOME HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

8	Taxation	(Continued)	
		2020 £	2019 £
	Deferred tax		
	Origination and reversal of timing differences	24,330	5,812
		<u> </u>	<u> </u>
	Total tax charge	53,643	71,748
		<u> </u>	<u> </u>

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

	2020 £	2019 £
Profit before taxation	139,440	370,007
	<u> </u>	<u> </u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	26,494	70,301
Tax effect of expenses that are not deductible in determining taxable profit	4,124	3,324
Under/(over) provided in prior years	6,314	-
Fixed asset differences	21,289	16,096
Change in tax rate	12,712	(683)
Exempt dividends	(17,290)	(17,290)
	<u> </u>	<u> </u>
Taxation charge for the year	53,643	71,748
	<u> </u>	<u> </u>

9	Dividends	2020 £	2019 £
	Final paid	91,000	91,000
		<u> </u>	<u> </u>

A final dividend of £910 (2019: £910) per share was paid to shareholders.

WELCOME HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

10 Tangible fixed assets

	Freehold land and buildings	Short leasehold land and buildings	Plant and equipment	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 April 2019	945,000	402,572	2,255,685	56,323	522,201	4,181,781
Additions	541,675	60,326	231,809	40,297	211,413	1,085,520
Disposals	-	-	-	-	(125,000)	(125,000)
At 31 March 2020	1,486,675	462,898	2,487,494	96,620	608,614	5,142,301
Depreciation and impairment						
At 1 April 2019	266,626	125,596	1,539,524	25,711	305,485	2,262,942
Depreciation charged in the year	78,762	35,264	215,296	41,543	121,819	492,684
Eliminated in respect of disposals	-	-	-	-	(13,021)	(13,021)
At 31 March 2020	345,388	160,860	1,754,820	67,254	414,283	2,742,605
Carrying amount						
At 31 March 2020	1,141,287	302,038	732,674	29,366	194,331	2,399,696
At 31 March 2019	678,374	276,976	716,161	30,612	216,716	1,918,839

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2020 £	2019 £
Plant and equipment	474,233	95,578
Motor vehicles	131,600	129,292
	605,833	224,870

Included in freehold land and buildings is land valued at £295,000 which is not depreciated.

11 Fixed asset investments

	Notes	2020 £	2019 £
Investments in subsidiaries	12	100	100

WELCOME HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

11 Fixed asset investments (Continued)

Movements in fixed asset investments

Shares in group
undertakings

£

Cost or valuation

At 1 April 2019 & 31 March 2020

100

Carrying amount

At 31 March 2020

100

At 31 March 2019

100

12 Subsidiaries

Details of the company's subsidiaries at 31 March 2020 are as follows:

Name of undertaking	Address	Nature of business	Class of shares held	% Held Direct
Welcome Furniture Limited	1	Manufacturing furniture	Ordinary shares	100.00

Registered office addresses (all UK unless otherwise indicated):

1 1 Cibyn Industrial Estate, Caenarfon, Gwynedd, United Kingdom, LL55 2BD

13 Debtors

Amounts falling due within one year:

2020

2019

£

£

Amounts owed by group undertakings

1,648,654

897,749

Other debtors

32,964

35,565

Prepayments and accrued income

15,000

-

1,696,618

933,314

WELCOME HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

14 Creditors: amounts falling due within one year

	Notes	2020 £	2019 £
Bank loans	16	74,626	61,612
Obligations under finance leases	17	371,071	92,460
Trade creditors		-	18,000
Amounts owed to group undertakings		2,134,942	1,607,528
Corporation tax		22,999	59,626
Other taxation and social security		17,500	-
Accruals and deferred income		103,408	136,984
		<u>2,724,546</u>	<u>1,976,210</u>

15 Creditors: amounts falling due after more than one year

	Notes	2020 £	2019 £
Bank loans and overdrafts	16	745,409	318,019
Obligations under finance leases	17	191,517	136,218
		<u>936,926</u>	<u>454,237</u>

Amounts included above which fall due after five years are as follows:

Payable by instalments	346,548	141,689
	<u>346,548</u>	<u>141,689</u>

16 Loans and overdrafts

	2020 £	2019 £
Bank loans	820,035	379,631
	<u>820,035</u>	<u>379,631</u>
Payable within one year	74,626	61,612
Payable after one year	745,409	318,019
	<u>745,409</u>	<u>318,019</u>

The long term loans are repayable over 10 years and bear interest at 1.96% over the Bank of England base rate. The loans are secured by first legal charges dated 8 July 2011 and 11 October 2019 over freehold property and composite multilateral guarantee dated 30 January 2017 between Welcome Furniture Limited, Welcome Holdings Limited and Welcome Furniture Group Limited.

WELCOME HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

17 Finance lease obligations

	2020 £	2019 £
Future minimum lease payments due under finance leases:		
Within one year	412,109	104,402
In two to five years	204,330	143,004
	<u>616,439</u>	<u>247,406</u>
Less: future finance charges	(53,851)	(18,728)
	<u>562,588</u>	<u>228,678</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 2 - 4 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

18 Provisions for liabilities

	Notes	2020 £	2019 £
Deferred tax liabilities	19	132,378	108,048

19 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2020 £	Liabilities 2019 £
Balances:		
Accelerated capital allowances	96,793	108,048
Revaluations	35,585	-
	<u>132,378</u>	<u>108,048</u>
Movements in the year:		2020 £
Liability at 1 April 2019		108,048
Charge to profit or loss		11,618
Effect of change in tax rate - profit or loss		12,712
Liability at 31 March 2020		<u>132,378</u>

WELCOME HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

19 Deferred taxation (Continued)

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.

20 Share capital

	2020 £	2019 £
Ordinary share capital		
Issued and fully paid		
100 Ordinary shares of £1 each	100	100
	<u> </u>	<u> </u>

The Company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

21 Reserves

Revaluation reserve

The cumulative revaluation gains and losses in respect of land and buildings, except revaluation gains and losses are recognised in profit and loss.

Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

22 Ultimate controlling party

The immediate parent undertaking is Welcome Furniture Group Limited.

Welcome Furniture Group Limited is the smallest and largest company for which consolidated accounts including Welcome Holdings Limited are prepared. The consolidated accounts of Welcome Furniture Group Limited are available from its registered office, 1 Cibyn Industrial Estate, Caermarfon, Gwynedd, Wales, LL55 2BD.

The ultimate controlling party of Welcome Furniture Group Limited is Mr J A Peterson.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.