

Company registration number: 00254708

ANNUAL REPORT AND FINANCIAL
STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2018

GREAT FOSTERS (1931)
LIMITED



MENZIES
BRIGHTER THINKING

GREAT FOSTERS (1931) LIMITED

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GREAT FOSTERS (1931) LIMITED

COMPANY INFORMATION

Directors	A.H.W. Sutcliffe QC J.J.R. Raison R.Young W.J. Plummer S.A. Barrett H.C. Williams J.H. Field J. Sutcliffe A.T. Field V. Raison M. Gardner
Company secretary	J. Page
Registered number	00254708
Registered office	Great Fosters Egham Surrey TW20 9UR
Independent auditors	Menzies LLP Chartered Accountants & Statutory Auditor Ashcombe House 5 The Crescent Leatherhead Surrey KT22 8DY
Bankers	Allied Irish Bank (GB) Ealing Cross 85 Uxbridge Road London W5 5TH

GREAT FOSTERS (1931) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2018

Principal activity and business review

The principal activity of the company during the year was of the operation of a hotel and catering establishment.

Despite difficult trading conditions revenue increased on the previous year by 4.62%. With the exception of room hire and facility fees all other sectors of the business performed well. Of particular note was the continued upward trend in accommodation yields and the record number of covers served in the Estate Grill, Tudor Room or as part of an extended afternoon tea service.

On a more challenging note food inflation continued to erode margins and a shortage of skilled labour, particularly in the kitchen, pushed wages and salaries beyond initial forecasts. These along with a marked increase in maintenance costs resulted in the hotel declaring a net pre-tax loss for the year of £157k (2016: profit £12k).

Principal risks and uncertainties

The company's financial instruments comprise borrowings, some cash and liquid resources, and various items, such as trade debtors, trade creditors etc, that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The main risks arising from the company's financial instruments are interest rate risk and liquidity and cash flow risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The company finances its operations through a mixture of retained profits and bank borrowings. The company currently borrows at floating rates of interest which in the board's opinion is sustainable for the next 12 months however they actively monitor the market in conjunction with the bank to manage the company's exposure to interest rate fluctuations.

Liquidity and cash flow risk

The company manages its liquidity risk by structuring their borrowings to ensure repayments are made over a suitable period. Cash Flow risk is managed through daily monitoring of working capital requirements.

Financial key performance indicators

The Board will continue to review the operating performance of the company on a regular basis.

Specific key performance indicators used include:-

EBITDA: debt service

This is measured by the company's bankers (Allied Irish Bank GB) on an annual basis at the company's year end. The debt service cover is 1.01 (2017 - 1.33). This is not within the banking covenants required by AIB at the year end, but subsequent to the year end, after consultation with the Bank, it has been agreed that no further action will be taken and the Bank has agreed to allow the loan to continue on its original terms. The scope of the covenants will be reviewed by them later this year which will reflect the current and projected trading status of the business.

Gross margin

The gross profit margin is 78% (2017 - 79%). This is in line with expectation.

Cashflow

The net overdraft position of the company increased by £60,533 during the year, although the longer term debt liability continues to be reduced. This has been monitored by management on a daily basis taking into account the performance of the business, seasonality and prior year comparisons to enable varying project and other financial decisions to be made.

The company continued to operate throughout the period within the overall facilities provided by AIB.

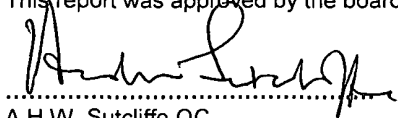
GREAT FOSTERS (1931) LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

Future developments

Whilst the Board's primary aim in the short term is to reduce debt it recognises the importance of addressing the balance between food and beverage income and that generated by bedrooms. It has therefore approved the conversion of some existing meeting space into an additional 5 letting bedrooms and the construction of a gym and spa facilities within the grounds. These projects will increase gross margins and EBITDA. The project will be funded by a modest increase in bank borrowing which has been approved, in principle by AIB. In light of the latent planning permission that the hotel currently holds, it is hoped that the anticipated success of the project will act as a catalyst for further expansion.

This report was approved by the board and signed on its behalf.



A.H.W. Sutcliffe QC
Chairman

Date: 1 August 2018

GREAT FOSTERS (1931) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2018

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

Directors

The directors who served during the year were:

A.H.W. Sutcliffe QC
J.J.R. Raison
R.Young
W.J. Plummer
S.A. Barrett
H.C. Williams
J.H. Field
J. Sutcliffe
A.T. Field
V. Raison
M. Gardner

Results and dividends

The loss for the year, after taxation, amounted to £217,657 (2017 - profit £12,496).

The directors do not recommend the payment of a dividend.

Disclosure of information in the strategic report

The company has chosen in accordance with Section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out within the company's Strategic Report the Company's Strategic Report Information Required by Schedule 7 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008. This includes information that would have been included in the business review and details of the principal risks and uncertainties.

Directors' responsibilities statement

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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to 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.

GREAT FOSTERS (1931) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Under section 487(2) of the Companies Act 2006, Menzies LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf.


.....
A.H.W. Sutcliffe QC
Chairman

Date: 1 August 2018

Great Fosters
Egham
Surrey
TW20 9UR

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GREAT FOSTERS (1931) LIMITED

Opinion

We have audited the financial statements of Great Fosters (1931) Limited (the 'Company') for the year ended 31 March 2018, which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 31 March 2018 and of its loss 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 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 United Kingdom, including the Financial Reporting Council'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 Auditors' 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GREAT FOSTERS (1931) LIMITED (CONTINUED)

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept, 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 on page 4, 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.

Auditors' responsibilities for the audit of the financial statements

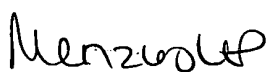
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GREAT FOSTERS (1931) LIMITED (CONTINUED)

Use of our report

This report is made solely to the Company's shareholders, 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 shareholders those matters we are required to state to them in an Auditors' 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 shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.



Janice Matthews FCA (Senior Statutory Auditor)

for and on behalf of

Menzies LLP

Chartered Accountants
Statutory Auditor

Ashcombe House

5 The Crescent

Leatherhead

Surrey

KT22 8DY

Date: 9 August 2018

GREAT FOSTERS (1931) LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 £	2017 £
Turnover	4	7,253,060	6,932,929
Cost of sales		(1,616,454)	(1,484,234)
Gross profit		5,636,606	5,448,695
Administrative expenses		(5,654,964)	(5,287,728)
Operating (loss)/profit	5	(18,358)	160,967
Interest payable and expenses	8	(138,191)	(148,471)
(Loss)/profit before tax		(156,549)	12,496
Tax on (loss)/profit	9	(61,108)	-
(Loss)/profit after tax		(217,657)	12,496
Retained earnings at the beginning of the year		2,435,518	2,423,022
		2,435,518	2,423,022
(Loss)/profit for the year		(217,657)	12,496
Retained earnings at the end of the year		2,217,861	2,435,518

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of income and retained earnings.

The notes on pages 12 to 22 form part of these financial statements.

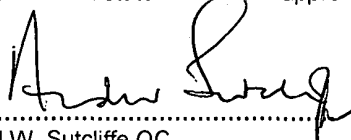
GREAT FOSTERS (1931) LIMITED

REGISTERED NUMBER:00254708

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Note	2018 £	Restated 2017 £
Fixed assets			
Tangible assets	10	8,363,586	8,832,706
		<u>8,363,586</u>	<u>8,832,706</u>
Current assets			
Stocks	11	338,152	349,430
Debtors: amounts falling due within one year	12	304,923	317,227
Cash at bank and in hand	13	3,308	2,905
		<u>646,383</u>	<u>669,562</u>
Creditors: amounts falling due within one year	14	(2,250,279)	(2,187,812)
Net current liabilities		<u>(1,603,896)</u>	<u>(1,518,250)</u>
Total assets less current liabilities		<u>6,759,690</u>	<u>7,314,456</u>
Creditors: amounts falling due after more than one year	15	(4,247,840)	(4,646,057)
Provisions for liabilities			
Deferred tax	17	(262,371)	(201,263)
		<u>(262,371)</u>	<u>(201,263)</u>
Net assets		<u>2,249,479</u>	<u>2,467,136</u>
Capital and reserves			
Called up share capital	18	19,872	19,872
Revaluation reserve	19	11,746	11,746
Profit and loss account	19	2,217,861	2,435,518
		<u>2,249,479</u>	<u>2,467,136</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


A.H.W. Sutcliffe QC
Chairman

Date: 1 August 2018

The notes on pages 12 to 22 form part of these financial statements.

GREAT FOSTERS (1931) LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

	2018 £	2017 £
Cash flows from operating activities		
(Loss)/profit for the financial year	(217,657)	12,496
Adjustments for:		
Depreciation of tangible assets	523,703	499,104
Interest charge	138,191	148,471
Tax charge	61,108	-
Decrease/(increase) in stocks	11,278	(36,992)
Decrease/(increase) in debtors	12,304	(77,493)
(Decrease) in creditors	(33,902)	(115,676)
Net cash generated from operating activities	495,025	429,910
Cash flows from investing activities		
Purchase of tangible fixed assets	(54,583)	(235,339)
Net cash from investing activities	(54,583)	(235,339)
Cash flows from financing activities		
Repayment of loans	(362,381)	(348,288)
Interest paid	(138,191)	(148,471)
Net cash used in financing activities	(500,572)	(496,759)
Net (decrease) in cash and cash equivalents	(60,130)	(302,188)
Cash and cash equivalents at beginning of year	(309,845)	(7,657)
Cash and cash equivalents at the end of year	(369,975)	(309,845)
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	3,308	2,905
Bank overdrafts	(373,283)	(312,750)
	(369,975)	(309,845)

GREAT FOSTERS (1931) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. General information

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

Great Fosters (1931) Limited is a limited company incorporated and domiciled in England. The address of its registered office is disclosed on page 1, which is also its principal place of business.

The Company's functional and presentational currency is GBP.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

Whilst the company has made a loss of £217,657 (2017: profit £12,496) during the year and has net current liabilities of £1,603,896 (2017: £1,518,250) at the balance sheet date, the fixed assets of the company are valued at historic cost and, as the Hotel was gifted to the company, the net asset position does not fully reflect the net realisable value of these assets, which is considered to be significantly higher, a view which is fully supported by a recent valuation of the property conducted by the company's bankers.

The directors consider the above, combined with the continued support of its bankers, will enable liabilities to be met as they fall due during the next twelve months and therefore hold the view it is correct for the accounts to be prepared on the going concern basis.

2.3 Revenue

Revenue represents amounts receivable for accommodation, food and beverage sales, room hire and ancillary hotel services provided in the normal course of the business, net of trade discounts, VAT and other sales related taxes. Revenue is recognised at the point at which goods and services are delivered to the customer. All turnover arises in the United Kingdom.

GREAT FOSTERS (1931) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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 Company. 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.

Depreciation is provided on the following basis:

Freehold property	-	2% straight line
Fixtures, fittings & equipment	-	2%, 10%, 20% and 33.33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or 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 in the Income Statement.

2.5 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced accordingly. The impairment loss is recognised immediately in profit or loss.

2.6 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income Statement.

2.7 Finance costs

Finance costs are charged to the Income Statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

GREAT FOSTERS (1931) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.8 Operating leases

Rentals paid under operating leases are charged to the Statement of Income and Retained Earnings on a straight line basis over the lease term.

2.9 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Income Statement when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.10 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Income Statement in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Income and Retained Earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

GREAT FOSTERS (1931) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgements

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

Depreciation and residual values of all fixed asset classes.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Assumptions have been made around the useful life of the fixed assets. These estimations have been made in accordance with the usual replacement period for these assets and are deemed appropriate. Their carrying amount as at the year end is disclosed in note 10.

4. Turnover

An analysis of turnover by class of business is as follows:

	2018 £	2017 £
Rendering of services	7,253,060	6,932,929
	<u>7,253,060</u>	<u>6,932,929</u>

All turnover arose within the United Kingdom.

5. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets	523,703	499,104
Fees payable for the audit of the company's annual financial statements	21,000	21,000
Defined contribution pension cost	<u>93,053</u>	<u>96,878</u>

GREAT FOSTERS (1931) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

6. Employees

Staff costs, including directors' remuneration, were as follows:

	2018 £	2017 £
Wages and salaries	2,917,837	2,731,179
Social security costs	229,981	199,558
Cost of defined contribution scheme	93,053	96,878
	<u>3,240,871</u>	<u>3,027,615</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2018 No.	2017 No.
Full time	122	106
Part time	12	32
	<u>134</u>	<u>138</u>

7. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	145,343	150,566
Company contributions to defined contribution pension schemes	8,218	10,877
Pension to former director	40,196	39,783
	<u>193,757</u>	<u>201,226</u>

During the year retirement benefits were accruing to 1 director (2017 - 1) in respect of defined contribution pension schemes.

8. Interest payable and similar charges

	2018 £	2017 £
Interest on bank loans and overdrafts	138,191	148,471
	<u>138,191</u>	<u>148,471</u>

GREAT FOSTERS (1931) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

9. Taxation

	2018 £	2017 £
Total current tax	-	-
Deferred tax		
Deferred tax charge	61,108	-
Total deferred tax	61,108	-
Taxation on profit on ordinary activities	61,108	-

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - *lower than*) the standard rate of corporation tax in the UK of 19% (2017 - 20%). The differences are explained below:

	2018 £	2017 £
(Loss)/profit on ordinary activities before tax	(156,549)	12,496
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	(29,744)	2,499
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	796	207
Capital allowances for year in excess of depreciation	(39,336)	26,349
Utilisation of tax losses	129,392	(29,055)
Total tax charge for the year	61,108	-

GREAT FOSTERS (1931) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

10. Tangible fixed assets

	Freehold property £	Fixtures, fittings & equipment £	Total £
Cost or valuation			
At 1 April 2017	10,301,829	3,297,598	13,599,427
Additions	3,333	51,250	54,583
At 31 March 2018	10,305,162	3,348,848	13,654,010
Depreciation			
At 1 April 2017	2,645,531	2,121,190	4,766,721
Charge for the year on owned assets	202,127	321,576	523,703
At 31 March 2018	2,847,658	2,442,766	5,290,424
Net book value			
At 31 March 2018	7,457,504	906,082	8,363,586
At 31 March 2017	7,656,298	1,176,408	8,832,706

The hotel known as Great Fosters, was owned by a trust and leased to the company until 4 November 2009. On this date, the Trust gifted the hotel to the company for £nil consideration. As a result of this gift, the Alterations and Additions to Premises fixed asset category was transferred to Freehold Land and Property. This transaction also resulted in the transfer of freehold land which was previously held by the company for investment purposes to the Freehold Land and Property tangible fixed asset category.

11. Stocks

	2018 £	2017 £
Finished goods and goods for resale	338,152	349,430
	<u>338,152</u>	<u>349,430</u>

The amount of stock recognised as an expense in the profit and loss during the period was £1,340,886 (2017 - £1,212,558).

GREAT FOSTERS (1931) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

12. Debtors

	2018 £	2017 £
Trade debtors	236,990	294,662
Other debtors	39,267	-
Prepayments and accrued income	28,666	22,565
	<u>304,923</u>	<u>317,227</u>

13. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	3,308	2,905
Less: bank overdrafts	(373,283)	(312,750)
	<u>(369,975)</u>	<u>(309,845)</u>

14. Creditors: Amounts falling due within one year

	2018 £	Restated 2017 £
Bank overdrafts	373,283	312,750
Bank loans	357,901	365,020
Trade creditors	315,326	247,524
Other taxation and social security	274,682	266,425
Other creditors	816,225	926,671
Accruals and deferred income	112,862	69,422
	<u>2,250,279</u>	<u>2,187,812</u>

The bank facilities are secured by a first legal mortgage on the company's land and property, a specific charge on the goodwill of the business and a fixed and floating charge over all the assets of the company.

GREAT FOSTERS (1931) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

15. Creditors: Amounts falling due after more than one year

	2018 £	Restated 2017 £
Bank loans	4,184,215	4,539,477
Other creditors	63,625	106,580
	<u>4,247,840</u>	<u>4,646,057</u>

The bank facilities are secured by a first legal mortgage on the company's land and property, a specific charge on the goodwill of the business and a fixed and floating charge over all the assets of the company.

Included within creditors: amounts falling due after more than one year is an amount of £2,635,580 (2016 - £3,433,657) in respect of liabilities payable or repayable by instalments which fall due for payment after more than five years from the reporting date.

This amount is repayable at a rate of 3 month LIBOR + 2.4%.

The company was in breach of its bank loan covenants during the financial year due to not meeting the required Debt Service Cover. Subsequent to the year end, after consultation with the Bank, it has been agreed that no further action will be taken and the Bank has agreed to allow the loan to continue on its original terms. The scope of the covenants will be reviewed by them later this year which will reflect the current and projected trading status of the business.

As at the balance sheet date, other creditors of £63,625 (2017: £106,580) which were previously disclosed within "Creditors: Amounts falling due within one year" have been transferred to "Creditors: Amounts falling due after more than one year" to correctly reflect the terms of the deposits held. There is no profit effect on the adjustment.

16. Financial instruments

	2018 £	2017 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	276,257	294,662
	<u>276,257</u>	<u>294,662</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(5,353,012)	(5,537,913)
	<u>(5,353,012)</u>	<u>(5,537,913)</u>

GREAT FOSTERS (1931) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

17. Deferred taxation

	2018 £
At beginning of year	(201,263)
Charged to profit or loss	(61,108)
At end of year	(262,371)

The provision for deferred taxation is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	(360,414)	(363,411)
Tax losses carried forward	95,438	160,938
Other timing differences	2,605	1,210
	(262,371)	(201,263)

18. Share capital

	2018 £	2017 £
Authorised, allotted, called up and fully paid		
4,968 Ordinary Class A Shares shares of £1 each	4,968	4,968
4,968 Ordinary Class B Shares shares of £1 each	4,968	4,968
4,968 Ordinary Class C Shares shares of £1 each	4,968	4,968
4,968 Ordinary Class D Shares shares of £1 each	4,968	4,968
	19,872	19,872

The A, B, C and D Ordinary shares are separate classes of shares and shall carry the respective voting rights and rights to appoint and remove directors and be subject to the restrictions on transfer hereinafter provided, but in all other respects shall rank pari passu.

19. Reserves

Revaluation reserve

This reserve shows the value of historic asset revaluations.

Profit and loss account

This reserve records retained earnings and accumulated losses.

GREAT FOSTERS (1931) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

20. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £93,053 (2017 - £96,878). Contributions totalling £7,806 (2017 - £4,064) were payable to the fund at the reporting date.

21. Commitments under operating leases

At 31 March 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	58,680	36,912
Later than 1 year and not later than 5 years	15,637	26,540
	<u>74,317</u>	<u>63,452</u>

The Company recognised operating lease payments of £62,481 (2017 - £65,941) during the year.

22. Related party transactions

The key management personnel of the company are deemed to be the board of directors and their remuneration is disclosed in note 7.

At the year end, amounts totalling £39,267 were due to the company from the directors who are also shareholders.