

COMPANY NUMBER: 04315857

STANHOPE HOUSE LEISURE LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31st OCTOBER 2017



STANHOPE HOUSE LEISURE LIMITED

Financial Statements for the year ended 31st October 2017

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STANHOPE HOUSE LEISURE LIMITED

Financial Statements for the year ended 31st October 2017

DIRECTORS AND OFFICERS

COMPANY NUMBER 04315857

DIRECTORS J P Hodges
J E Hodges

SECRETARY R Orme

AUDITORS Saul Fairholm Limited, Statutory Auditor
Chartered Accountants
12 Tentercroft Street
Lincoln
LN5 7DB

REGISTERED OFFICE 12 Tentercroft Street
Lincoln
LN5 7DB

STANHOPE HOUSE LEISURE LIMITED

Strategic Report for the year ended 31st October 2017

PRINCIPAL ACTIVITIES, REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The principal activity of the Company is the provision of recreational ten pin bowling. The principal activities of the Groups subsidiary companies is the holding of Investment properties for the appreciation of value and collection of rental receipts.

Turnover of the Group Increased by 6.8% in the year to £2,143,797 (2016: £2,006,036). This resulted in profit before tax for the Group of £671,598 (2016 : £562,640). The consolidated profit for the year after tax totalled £541,094 (2016: £379,176). The increase in turnover and profits have largely occurred from a harmonisation of pricing policies across all sites. Competitive salaries have continued to be paid. Mansfield also continues to grow its market share since its acquisition in 2015. The leisure industry has suffered recently with uncertainty over the strength of the British economy and the perception of less public disposable income however the group has continued to maintain its gross profits at 88.0% (2016: 89.8%) and even increased its pre tax net profit margin to 31.3% (2016: 28.1%). The company has also maintained its investment into capital during the year with continued improvements made to both sites with Chesterfield undertaking major refurbishments. Overall the Directors consider the reported figures to represent an extremely strong result which they believe can be maintained and improved upon in future years through continued gains in the Mansfield site and expansion into other areas.

RISKS AND UNCERTAINTIES

The Directors, as part of good corporate governance, regularly review the risk profile of the Group. Particular attention is paid to cash flow, the maintenance of margins and supporting activity levels. The Directors are satisfied that the Group has adequate financial facilities available for the foreseeable future and that the Group's financial risk management systems are satisfactory and suitable for the size of the business.

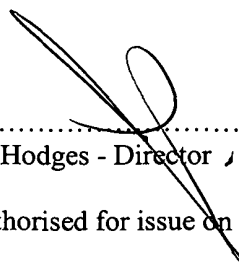
The principal risks for the Group continue to be direct competition and the public perception of disposable income. These are areas constantly being monitored by the Directors to attempt to ensure continued overall profitability.

The Group's principal financial instruments comprise bank balances, trade creditors, trade debtors and Group loans. The main purpose of these instruments is to raise funds to finance the Group's operations.

In respect of bank balances the liquidity risk is managed by monitoring a balance between the continuity of funding and flexibility through the potential use of loans within the Group. The company currently generates and maintains strong cash balances.

Trade creditors are managed in respect of credit and cash flow risk by regular monitoring of amounts outstanding for both time and credit limits and payments made in line with availability of working capital. As mentioned above strong cash balances are present largely due to the upfront nature of the group's income generation.

ON BEHALF OF THE BOARD



.....
J P Hodges - Director

Authorised for issue on 25th July 2018

STANHOPE HOUSE LEISURE LIMITED

Group Directors' Report for the year ended 31st October 2017

The Director presents to the members his report and the audited Financial Statements for the year ended 31st October 2017.

DIRECTOR

The Directors of the Group during the year and to the date of this report and approval of the accounts were as follows:-

J P Hodges
J E Hodges

DIVIDENDS

The directors recommend a total dividend payment of £145,000 be made in respect of the financial year ended 31 October 2017. This dividend has been recognised as a liability in the financial statements.

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 Group and of the profit and loss of the Group 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 estimates that are reasonable and prudent;
- State whether applicable UK Accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records which show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the Directors are aware there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Group's auditors are unaware, and each Director has taken all the steps they ought to have taken as a Director in order to make them aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

DIRECTORS' INTERESTS IN CONTRACTS

None of the Directors had any beneficial interest in any material contract to which the Group was party during the year.

STANHOPE HOUSE LEISURE LIMITED

Directors Report for the year ended 31st October 2017 (Cont'd)

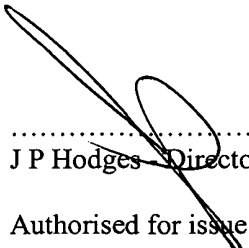
DISABLED PERSONS

It is the Group's policy to give full and fair consideration to disabled applicants for employment, having regard to their aptitudes and abilities. If an employee becomes disabled, the group's objective is the continued provision of suitable employment, with appropriate retraining if necessary.

EMPLOYEE INFORMATION

The board values two-way communication between senior management and employees at all levels. Employees are consulted on developments within the business where it affects them as employees.

ON BEHALF OF THE BOARD



.....
J P Hodges - Director

Authorised for issue on 25th July 2018

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
STANHOPE HOUSE LEISURE LIMITED

OPINION

We have audited the financial statements of Stanhope House Leisure Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31st October 2017 which comprise the Group Profit and Loss Account, the Group and Parent Company Balance Sheets, the Group Cash Flow Statement, the Group and Parent Company Statement of Change in Equity, the Group Statement of Comprehensive Income and 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 group's and of the parent company's affairs as at 31st October 2017 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 group 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 group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
STANHOPE HOUSE LEISURE LIMITED (CONT'D)

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the Strategic Report and Directors 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 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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
STANHOPE HOUSE LEISURE LIMITED (CONT'D)

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement on page 3, 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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
STANHOPE HOUSE LEISURE LIMITED (CONT'D)

**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE
FINANCIAL STATEMENTS (CONT'D)**

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.



Richard Welsh (Senior Statutory Auditor)
For and on behalf of Saul Fairholm Limited, Statutory Auditor
12 Tentercroft Street
Lincoln
LN5 7DB

25th July 2018

STANHOPE HOUSE LEISURE LIMITED

Consolidated Profit And Loss Account as at 31st October 2017

	<u>Note</u>	<u>2017</u> £	<u>2016</u> £
Turnover	3	2,143,797	2,006,036
Cost of sales		(255,752)	(203,064)
GROSS PROFIT		1,888,045	1,802,972
Administration expenses		(528,270)	(602,651)
Staff costs	4	(794,209)	(748,774)
Depreciation		(132,325)	(141,362)
Other operating income		269,814	200,232
OPERATING PROFIT		703,055	510,417
Gain/ (Loss) on investment property at fair value through profit and loss account		(1,443)	87,634
Interest receivable and similar Income		93	326
Interest payable and similar charges	5	(30,107)	(35,737)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6	671,598	562,640
Tax on profit on ordinary activities	7	(130,504)	(183,464)
PROFIT FOR THE FINANCIAL YEAR		541,094	379,176

All amounts relate to continuing operations.

There are no recognised gains or losses in the year other than those reported above.

STANHOPE HOUSE LEISURE LIMITED

Consolidated Statement of Comprehensive Income as at 31st October 2017

	<u>2017</u> £	<u>2016</u> £
Profit for the financial year	541,094	379,176
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR	541,094	379,176

STANHOPE HOUSE LEISURE LIMITED

Consolidated Balance Sheet as at 31st October 2017

	<u>Notes</u>	<u>2017</u>	<u>2016</u>
		£	£
FIXED ASSETS			
Tangible assets	9	2,865,867	2,880,021
Investments	10	813,191	814,634
		<u>3,679,058</u>	<u>3,694,655</u>
CURRENT ASSETS			
Stocks	12	136,258	138,209
Debtors	13	800,700	679,819
Investments	10	2,930,799	2,930,799
Cash at bank and in hand		671,337	275,399
		<u>4,539,094</u>	<u>4,024,226</u>
CREDITORS			
Amounts falling due within one year	14	(923,477)	(716,792)
NET CURRENT ASSETS		<u>3,615,617</u>	<u>3,307,434</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>7,294,675</u>	<u>7,002,089</u>
CREDITORS			
Amounts falling due After more than one year	14	(1,002,669)	(1,097,961)
PROVISIONS FOR LIABILITIES	15	(134,966)	(143,180)
NET ASSETS		<u>6,157,040</u>	<u>5,760,948</u>
CAPITAL AND RESERVES			
Equity called up share capital	16	100	100
Non-Distributable reserve	17	390,354	391,797
Profit and loss account		5,766,586	5,369,051
		<u>6,157,040</u>	<u>5,760,948</u>

The financial statements were approved by the Board of Directors on 25th July 2018 and were signed on its behalf by:

..... Director
J P Hodges

Registration Number: 04315857

STANHOPE HOUSE LEISURE LIMITED

Parent Company Balance Sheet as at 31st October 2017

	<u>Note</u>	<u>2017</u> £	<u>2016</u> £
FIXED ASSETS			
Tangible assets	9	2,650,506	2,610,820
Investments	11	2,170,921	2,170,921
		<hr/> 4,821,427	<hr/> 4,781,741
CURRENT ASSETS			
Stocks	12	136,258	138,209
Debtors	13	1,443,081	1,486,058
Cash at bank and in hand		657,836	263,395
		<hr/> 2,237,175	<hr/> 1,887,662
CREDITORS: Amounts falling due within one year	14	(860,237)	(661,079)
NET CURRENT ASSETS		<hr/> 1,376,938	<hr/> 1,226,583
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/> 6,198,365	<hr/> 6,008,324
CREDITORS: Amounts falling due after more than one year	14	(1,002,669)	(1,097,961)
PROVISIONS FOR LIABILITIES	15	(134,966)	(143,180)
TOTAL NET ASSETS		<hr/> 5,060,730	<hr/> 4,767,183
CAPITAL AND RESERVES			
Called up share capital	16	100	100
Profit and loss account		5,060,630	4,767,083
		<hr/> 5,060,730	<hr/> 4,767,183

The financial statements were approved by the Board of Directors on 25th July 2018 and were signed on its behalf by:

..... Director
J P Hodges

Registration Number: 04315857

STANHOPE HOUSE LEISURE LIMITED

Consolidated Statement of Changes in Equity as at 31st October 2017

	<u>Share Capital</u> £	<u>Non- distribut- able Reserves</u> £	<u>Profit and Loss Account</u> £	<u>Total</u> £
At 1 st November 2016	100	391,797	5,369,051	5,760,948
Profit for the year	-	-	541,094	541,094
Transfer to non-distributable reserves	-	(1,443)	1,443	-
Total comprehensive income	-	(1,443)	542,537	541,094
Dividends paid	-	-	(145,000)	(145,000)
	-	(1,443)	397,537	396,094
At 31 st October 2017	100	390,354	5,766,586	6,157,040
At 1 st November 2015	100	304,163	5,224,509	5,528,772
Profit for the year	-	-	379,176	379,176
Transfer to non-distributable reserves	-	87,634	(87,634)	-
Total comprehensive income	-	87,634	291,542	379,176
Dividends paid	-	-	(147,000)	(147,000)
	-	87,634	144,542	232,176
At 31 st October 2016	100	391,797	5,369,051	5,760,948

STANHOPE HOUSE LEISURE LIMITED

Company Statement of Changes in Equity as at 31st October 2017

	<u>Share Capital</u> £	<u>Profit and Loss Account</u> £	<u>Total</u> £
At 1 st November 2016	100	4,767,083	4,767,183
Profit for the year	-	438,547	438,547
Dividends paid	-	(145,000)	(145,000)
	<hr/>	<hr/>	<hr/>
At 31 st October 2017	100	5,060,630	5,060,730
	<hr/>	<hr/>	<hr/>
At 1 st November 2015	100	4,657,123	4,657,223
Profit for the year	-	256,960	256,960
Dividends paid	-	(147,000)	(147,000)
	<hr/>	<hr/>	<hr/>
At 31 st October 2016	100	4,767,083	4,767,183
	<hr/>	<hr/>	<hr/>

STANHOPE HOUSE LEISURE LIMITED

Consolidated Cash Flow Statement for the year ended 31st October 2017

	<u>Notes</u>	<u>2017</u> £	<u>2016</u> £
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		541,094	379,176
Adjustment to cash flows from non cash items:			
Depreciation and amortisation	6	132,325	141,362
Corporation tax expense	7	130,504	183,464
Interest received		(93)	(326)
Investment property net gains through profit and loss		1,443	(87,634)
		<hr/> 805,273	<hr/> 616,042
Working capital adjustments:			
Decrease/(Increase) in stocks	12	1,951	(43,866)
Increase in debtors	13	(120,881)	(95,876)
Increase in creditors	14	65,433	33,016
		<hr/> 751,776	<hr/> 509,316
Cash generated from operations		(92,758)	(4,452)
Corporation taxes paid		<hr/>	<hr/>
Net cash flows from operating activities		<hr/> 659,018	<hr/> 504,864
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		91	326
Acquisitions of tangible assets	9	(118,171)	(161,933)
Dividends paid		(145,000)	(147,000)
		<hr/> (263,080)	<hr/> (308,607)
Net cash flows from investing activities		<hr/>	<hr/>
Net increase in cash and cash equivalents		395,938	196,257
Cash and cash equivalents at 1 st November	18	275,399	79,142
		<hr/> 671,337	<hr/> 275,399
Cash and cash equivalents at 31 st October		<hr/>	<hr/>

STANHOPE HOUSE LEISURE LIMITED

Notes to the Consolidated Financial Statements for the year ended 31st October 2017

1. GENERAL INFORMATION

The group is a private group limited by share capital incorporated in United Kingdom.

The address of its registered office is:-

12 Tentercroft Street
Lincoln
LN5 7DB

The principal place of business is:-

Torrington House
75 Branston Road
Burton on Trent
Staffordshire
DE14 3BY

Company Number: 04315857

These financial statements were authorised on 25th July 2018

2. ACCOUNTING POLICIES

Summary of significant accounting policies and key accounting estimates

These consolidated and individual financial statements for the year ended 31 October 2017 are the first financial statements that comply with FRS 102. The date of transition is 1 November 2015. The transition to FRS 102 has resulted in a small number of changes in accounting policies to those used previously.

The nature of these changes and their impact on opening equity and profit for the comparative period are explained in the notes disclosed below.

Statement of compliance

These consolidated and individual financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These consolidated and individual financial statements include the company and all its subsidiary undertakings. The results of the subsidiaries are included in the consolidated profit and loss account from the date of their acquisition. Transactions within the group are eliminated on consolidation.

The financial statements are presented in sterling (£).

Revenue recognition

Turnover represents the fair value of the consideration received or receivable for the provision of tenpin bowling games, net of discounts and sales taxes. Revenue is recognised when it is probable that the economic benefits associated with a transaction will flow to the Company and the amount of revenue and associated costs can be measured reliably.

STANHOPE HOUSE LEISURE LIMITED

Notes to the Consolidated Financial Statements for the year ended 31st October 2017

2. ACCOUNTING POLICIES (CONT'D)

Foreign currency transactions and balances

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.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current corporation 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 taxable income.

Deferred corporation tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the Company. Deferred corporation tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is calculated by reference to cost at rates estimated to write off the relevant assets over their expected useful lives, taking into account normal commercial technical obsolescence. The annual rates used are:-

Asset class	Depreciation method and rate
Freehold property	2% Straight Line
Plant and machinery	20% reducing balance
Motor vehicles	25% reducing balance

Investments

Fixed asset investments are stated at historical cost less provision for any diminution in value. The historical cost value is removed upon consolidation.

All Investment properties in the subsidiaries are accounted for at fair value from the date of transition. Investment property held within Stanhope House Properties Limited has been re-valued upon transition and subsequently in 2016 in line with commercial marketing values and prevailing property market trends. Investment property held within Extravan (Guernsey) Limited was considered to be impaired from 2015 in line with its current marketed selling value at the year end. It has also been restated as a current asset investment due to it being actively marketed.

STANHOPE HOUSE LEISURE LIMITED

Notes to the Consolidated Financial Statements for the year ended 31st October 2017

2. ACCOUNTING POLICIES (CONT'D)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Stock is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the Company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation

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.

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.

STANHOPE HOUSE LEISURE LIMITED

Notes to the Consolidated Financial Statements for the year ended 31st October 2017

3. TURNOVER

All turnover was generated within the United Kingdom as follows:-

	<u>2017</u> £	<u>2016</u> £
UK	2,143,797	2,006,036
	<hr/> 2,143,797	<hr/> 2,006,036
Bowling	1,338,613	1,218,304
Bar and food	702,339	680,193
Games machines and pool	102,845	107,539
	<hr/> 2,143,797	<hr/> 2,006,036

4. STAFF COSTS AND PARTICULARS

	<u>2017</u> £	<u>2016</u> £
Aggregate staff costs comprised:-		
Wages, salaries and benefits	732,206	698,549
Social security costs	51,778	47,826
Other pension costs	10,225	2,399
	<hr/> 794,209	<hr/> 748,774
	<u>Number</u> <u>2017</u>	<u>Number</u> <u>2016</u>
The average weekly number of persons employed during the year was	<hr/> 58	<hr/> 59

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in independently administered funds. The rates of contributions payable are determined by the scheme rules. The pension cost charge represents the contributions payable to the scheme in respect of the financial year.

Directors remuneration during the year totalled £60,753 (2016: £58,090)

5. INTEREST PAYABLE AND SIMILAR CHARGES

	<u>2017</u> £	<u>2016</u> £
Bank interest	<hr/> 30,107	<hr/> 35,737

STANHOPE HOUSE LEISURE LIMITED

Notes to the Consolidated Financial Statements for the year ended 31st October 2017 (Cont'd)

6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>2017</u>	<u>2016</u>
	£	£
Profit on ordinary activities before taxation is stated after charging/(crediting) the following:-		
Auditors' remuneration - audit fees	5,150	5,000
- non audit fees	10,057	13,017
Depreciation	132,325	141,362
Rental income	(263,333)	(192,219)
	<hr/>	<hr/>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>2017</u>	<u>2016</u>
	£	£
(a) Analysis of tax charge in year:-		
Current Tax:		
United Kingdom		
Corporation tax on profits of the year	95,961	58,594
Foreign Tax:		
Foreign corporate tax on results for the year	42,757	30,066
	<hr/>	<hr/>
	138,718	88,660
Deferred Tax:		
Origination and reversal of timing differences	(8,214)	94,804
	<hr/>	<hr/>
Tax on profit on ordinary activities	130,504	183,464
	<hr/>	<hr/>

(b) Factors affecting tax charge for the year:

The tax assessed for the year is higher (2016 : higher) than the standard rate of corporation tax in the UK of 19% (2016 : 20%). The differences are explained below:

Profit on ordinary activities before tax	671,598	562,640
	<hr/>	<hr/>
Profit on ordinary activities multiplied by corporation tax effective rate of 19%/20%	130,382	112,528
Capital allowances in excess of depreciation	(7,062)	(15,478)
Expenses not chargeable/deductible for tax purposes	849	513
UK Losses brought forward	-	(8513)
Differential on overseas tax charged	11,706	(390)
Permanent timing differences	2,843	-
Deferred tax expense	(8,214)	94,804
	<hr/>	<hr/>
	130,504	183,464
	<hr/>	<hr/>

STANHOPE HOUSE LEISURE LIMITED

Notes to the Consolidated Financial Statements for the year ended 31st October 2017 (Cont'd)

8. PROFIT FOR THE FINANCIAL YEAR

The profit for the year dealt with in the profit and loss account of the Parent Company amounted to £438,547 (2016: £256,960). As permitted by Section 408 of the Companies Act 2006, no profit and loss account for the parent company is shown.

9. TANGIBLE FIXED ASSETS (GROUP)

	<u>Freehold Property</u> £	<u>Plant & Machinery</u> £	<u>Motor Vehicles</u> £	<u>Total</u> £
COST OR VALUATION:				
At 31 st October 2016	2,935,147	2,674,816	-	5,609,963
Additions	51,634	35,353	31,184	118,171
At 31 st October 2017	2,986,781	2,710,169	31,184	5,728,134
DEPRECIATION:				
At 31 st October 2016	410,226	2,319,716	-	2,729,942
Charge for the year	58,703	71,022	2,600	132,325
At 31 st October 2017	468,929	2,390,738	2,600	2,862,267
NET BOOK AMOUNT:				
At 31 st October 2017	2,517,852	319,431	28,584	2,865,867
At 31 st October 2016	2,524,921	355,100	-	2,880,021

TANGIBLE FIXED ASSETS (PARENT)

	<u>Freehold Property</u> £	<u>Plant & Machinery</u> £	<u>Motor Vehicles</u> £	<u>Total</u> £
COST OR VALUATION:				
At 31 st October 2016	2,935,147	415,139	-	3,350,286
Additions	51,634	35,353	31,184	118,171
At 31 st October 2017	2,986,781	450,492	31,184	3,468,457
DEPRECIATION:				
At 31 st October 2016	410,226	329,240	-	739,466
Charge for the year	58,703	17,182	2,600	78,485
At 31 st October 2017	468,929	346,422	2,600	817,951
NET BOOK AMOUNT:				
At 31 st October 2017	2,517,852	104,070	28,584	2,650,506
At 31 st October 2016	2,524,921	85,899	-	2,610,820

STANHOPE HOUSE LEISURE LIMITED

Notes to the Consolidated Financial Statements for the year ended 31st October 2017 (Cont'd)

10. INVESTMENTS

Investments comprise Investment properties as follows:-

<u>GROUP</u>	<u>2017</u>	<u>2016</u>
<u>COST OR VALUATION</u>	<u>£</u>	<u>£</u>
Fixed Asset Investments:-		
As previously stated at 1 st November 2015	422,837	422,837
Prior year adjustments	391,797	304,163
	<hr/>	<hr/>
Restated to fair value at 1 st November	814,634	727,000
Movement during the year	(1,443)	87,634
	<hr/>	<hr/>
Fair value at 31 st October	813,191	814,634
	<hr/>	<hr/>
Current Asset Investments		
Fair value at 1 st November	2,930,799	2,930,799
Movement during the year	-	-
	<hr/>	<hr/>
Fair value at 31 st October	2,930,799	2,930,799
	<hr/>	<hr/>

All investment properties held within the group at 1st November 2015 were revalued to fair value per transition to FRS 102. The properties were subsequently revalued to fair value where market indicators highlighted movement. Investment Properties held for re-sale are held in current asset investments.

11. SUBSIDIARY UNDERTAKINGS

	<u>Nature of Business</u>	<u>Proportion of Shares Held</u> n/
a) Shares in subsidiary undertakings (incorporated in Guernsey)		
Extravan (Guernsey) Limited	Rental Properties	100

	<u>Nature of Business</u>	<u>Proportion of Shares Held</u> n/
b) Shares in subsidiary undertakings (incorporated in the British Virgin Islands)		
Stanhope House Properties Limited	Investment Property Holding	100

	<u>2017</u>	<u>2016</u>
	<u>£</u>	<u>£</u>
Investments in subsidiary undertakings are represented by:-		
Ordinary shares at cost		
Extravan (Guernsey) Limited	2,170,920	2,170,920
Stanhope House Properties Limited	1	1
	<hr/>	<hr/>
	2,170,921	2,170,921
	<hr/>	<hr/>

STANHOPE HOUSE LEISURE LIMITED

Notes to the Consolidated Financial Statements for the year ended 31st October 2017 (Cont'd)

12. STOCKS

	<u>Group</u>	
	<u>2017</u>	<u>2016</u>
	£	£
Stocks comprised:-		
Mechanical Bowling stock	108,096	117,733
Bar	13,854	10,590
Food	14,308	9,886
	<u>136,258</u>	<u>138,209</u>

The amount of stock recognised as an expense in cost of sales during the year totals £255,752 (2016: £203,064).

13. DEBTORS

	<u>Group</u>		<u>Company</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	£	£	£	£
Debtors comprised:				
Prepayments	70,837	55,377	70,837	55,377
Other debtors	-	5,454	-	1
Stanhope Leisure (Guernsey) Limited	556,207	460,658	-	-
Amounts owed by:				
Group Undertakings	-	-	1,253,610	1,301,938
Directors loan account	173,656	158,330	118,634	128,742
	<u>800,700</u>	<u>679,819</u>	<u>1,443,081</u>	<u>1,486,058</u>

STANHOPE HOUSE LEISURE LIMITED

Notes to the Consolidated Financial Statements for the year ended 31st October 2017 (Cont'd)

14. CREDITORS

	<u>Group</u>		<u>Company</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	£	£	£	£
Amounts falling due within one year:-				
Bank loan	91,000	86,000	91,000	86,000
Trade creditors	107,664	70,874	107,664	70,874
Corporation tax	119,636	73,676	95,961	58,595
Other taxation and social security	75,768	60,157	75,768	60,157
Other creditors	44,348	40,094	7,093	1,772
Accruals and deferred income	19,580	20,510	17,270	18,200
Stanhope Leisure (Guernsey) Limited	465,481	365,481	465,481	365,481
	<u>923,477</u>	<u>716,792</u>	<u>860,237</u>	<u>661,079</u>
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	£	£	£	£
Amounts falling due after one year:-				
Bank loan due 1-2 years	94,000	88,000	94,000	88,000
Bank loan due 2-5 years	407,096	407,056	407,096	407,056
Bank loan due after 5 years	501,573	602,905	501,573	602,905
	<u>1,002,669</u>	<u>1,097,961</u>	<u>1,002,669</u>	<u>1,097,961</u>

Mortgages due to the bankers are secured by standard debenture over all assets of Stanhope House Leisure Limited, Legal charges exist over all freehold property within the group.

The bank loan disclosed above represents all of the loans and borrowings of the group and is subject to market interest rates.

15. PROVISIONS FOR LIABILITIES

GROUP

	<u>Provided</u>	
	<u>2017</u>	<u>2016</u>
	£	£
Provisions for liabilities consists of:-		
Deferred tax at 1 st November	143,180	48,376
Deferred tax movement due to accelerated capital allowances	(8,214)	94,804
Deferred tax at 31 st October	<u>134,966</u>	<u>143,180</u>

No deferred tax adjustment has been provided on fair value movements in Investment properties as they are held in tax jurisdictions outside that of the UK.

STANHOPE HOUSE LEISURE LIMITED

Notes to the Consolidated Financial Statements for the year ended 31st October 2017 (Cont'd)

16. EQUITY CALLED UP SHARE CAPITAL

	<u>2017</u>	<u>2016</u>
	£	£
Allotted, issued and fully paid		
100 ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

17. NON DISTRIBUTABLE RESERVE

	<u>2017</u>	<u>2016</u>
	£	£
<u>Group</u>		
Non distributable reserve at 1 st November	391,797	304,163
Fair value movements during the year	(1,443)	87,634
	<u>390,354</u>	<u>391,797</u>

The Non distributable reserve represents fair value movements on Investment properties within Fixed Asset Investments and Current Asset Investments.

18. CASH AND CASH EQUIVALENTS

	<u>2017</u>	<u>Group</u>	<u>2016</u>	<u>Company</u>	<u>2016</u>
	£		£	£	£
<u>Group and Company</u>					
Cash at bank and in hand	671,337		275,399	657,836	263,395
Cash at bank and in hand on	<u>671,337</u>		<u>275,399</u>	<u>657,836</u>	<u>263,395</u>
Statement of Cashflows					

19. RELATED PARTY TRANSACTIONS

Transactions with directors

At the year end a joint overdrawn loan account was due to the group from Mr J P Hodges and Mrs J E Hodges. The balance due at the year end totalled £173,656 (2016: £158,330). During the year £160,326 (2016: £144,770) was advanced to the directors and £145,000 (2016: £147,000) was repaid.

Transactions with Company under common ownership

At the year end the group was owed £556,207 (£2016: 460,658) from Stanhope Leisure (Guernsey) Limited. During the year Stanhope Leisure (Guernsey) Limited received amounts totalling £95,638 (2016: £91,339) on behalf of Extravan (Guernsey) Limited.

At the year end the group owed £465,481 (2016: £365,481) to Stanhope Leisure (Guernsey) Limited. During the year Stanhope Leisure (Guernsey) Limited transferred £100,000 (2016: £79,000) to Stanhope House Leisure Limited.

Ultimate Controlling party

The group is controlled jointly by Mr J P Hodges and Mrs J E Hodges.

STANHOPE HOUSE LEISURE LIMITED

Notes to the Consolidated Financial Statements for the year ended 31st October 2017 (Cont'd)

20. TRANSITION TO FRS 102

This is the first year that Stanhope House Leisure Limited has presented its consolidated financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The last unconsolidated financial statements for the year ended 31st October 2016 were prepared under previous UK GAAP, and the transition date to FRS 102 is therefore 1st November 2015.

Adopting FRS 102 has meant that a number of accounting policies have changed to comply with the new standard.

Changes for FRS 102 adoption:-

1. Debtors and creditors are now recognised at amortised cost if due over one year and not repayable on demand. If balances are within one year and payable on demand then they are included at initial recognised values with no discounting having been applied.
2. Investment properties are no longer valued at cost per old GAAP. Per FRS 102 the investment properties are to be recognised within the financial statements at fair value where fair value can be determined.

No other changes in accounting policies have been considered to affect the financial statements from the first year adoption of FRS102.

STANHOPE HOUSE LEISURE LIMITED

Notes to the Consolidated Financial Statements for the year ended 31st October 2017 (Cont'd)

Balance Sheet at 1st November 2015

	<u>As originally Reported</u> £	<u>Reclassifica- tion</u> £	<u>Remeasure- ment</u> £	<u>As restated</u> £
Fixed assets				
Tangible assets	2,859,448	-	-	2,859,448
Investments	422,837	-	304,163	727,000
	<u>3,282,285</u>	<u>-</u>	<u>304,163</u>	<u>3,586,448</u>
Current assets				
Stocks	94,343	-	-	94,343
Debtors	594,477	-	-	594,477
Investments	2,930,799	-	-	2,930,799
Cash at bank and in hand	79,142	-	-	79,142
	<u>3,698,761</u>	<u>-</u>	<u>-</u>	<u>3,698,761</u>
Creditors: Amounts falling due within one year	(525,371)	-	-	(525,371)
Net current assets	<u>3,173,390</u>	<u>-</u>	<u>-</u>	<u>3,173,390</u>
Total assets less current liabilities	6,455,675	-	304,163	6,759,838
Creditors: Amounts falling due After one year	(1,182,690)	-	-	(1,182,690)
Provisions for liabilities	(48,376)	-	-	(48,376)
Net assets	<u>5,224,609</u>	<u>-</u>	<u>304,163</u>	<u>5,528,772</u>
Capital and reserves				
Called up share capital	100	-	-	100
Non-distributable reserve	-	304,163	-	304,163
Profit and loss account	5,224,509	(304,163)	304,163	5,224,509
Total equity	<u>5,224,609</u>	<u>-</u>	<u>304,163</u>	<u>5,528,772</u>

STANHOPE HOUSE LEISURE LIMITED

Notes to the Consolidated Financial Statements for the year ended 31st October 2017 (Cont'd)

Balance Sheet at 31st October 2016

	<u>As originally Reported</u> £	<u>Reclassifica- tion</u> £	<u>Remeasure- ment</u> £	<u>As restated</u> £
Fixed assets				
Tangible assets	2,880,021	-	-	2,880,021
Investments	727,000	-	87,634	814,634
	<u>3,607,021</u>	<u>-</u>	<u>87,634</u>	<u>3,694,655</u>
Current assets				
Stocks	138,209	-	-	138,209
Debtors	679,819	-	-	679,819
Investments	2,930,799	-	-	2,930,799
Cash at bank and in hand	275,399	-	-	275,399
	<u>4,024,226</u>	<u>-</u>	<u>-</u>	<u>4,024,226</u>
Creditors: Amounts falling due within one year	(716,792)	-	-	(716,792)
Net current assets	<u>3,307,434</u>	<u>-</u>	<u>-</u>	<u>3,307,434</u>
Total assets less current liabilities	6,914,455	-	87,634	7,002,089
Creditors: Amounts falling due After one year	(1,097,961)	-	-	(1,097,961)
Provisions for liabilities	(143,180)	-	-	(143,180)
Net assets	<u>5,673,314</u>	<u>-</u>	<u>87,634</u>	<u>5,760,948</u>
Capital and reserves				
Called up share capital	100	-	-	100
Non-distributable reserve	304,163	87,634	-	391,797
Profit and loss account	5,369,051	(87,634)	87,634	5,369,051
Total equity	<u>5,673,314</u>	<u>-</u>	<u>87,634</u>	<u>5,760,948</u>

STANHOPE HOUSE LEISURE LIMITED

Notes to the Consolidated Financial Statements for the year ended 31st October 2017 (Cont'd)

Profit and Loss Account for the year ended 31st October 2016

	<u>As originally Reported</u> £	<u>Reclassifica- tion</u> £	<u>Remeasure- ment</u> £	<u>As restated</u> £
Turnover	2,006,036	-	-	2,006,036
Cost of sales	(203,064)	-	-	(203,064)
Gross Profit	1,802,972	-	-	1,802,972
Administrative expenses	(602,651)	-	-	(602,651)
Staff costs	(748,774)	-	-	(748,774)
Depreciation	(141,362)	-	-	(141,362)
Operating profit	310,185	-	-	310,185
Gain on Investments at fair value through profit and loss account	-	-	87,634	87,634
Rental and other income	200,232	-	-	200,232
Interest receivable	326	-	-	326
Interest payable	(35,737)	-	-	(35,737)
	164,821	-	87,634	252,455
Profit before tax	475,006	-	87,634	562,640
Taxation	(183,464)	-	-	(183,464)
Profit after tax	291,542	-	87,634	379,176

20.1 Debtors and Creditors

Stanhope House Leisure Limited has previously disclosed all debtors and creditors at initial recognised amounts with the splitting out of due within one year and after one year if applicable.

Under FRS 102, debtors and creditors which have deferred payment terms or are due after one year require discounting to net present value and recognising at amortised cost.

On adoption of FRS 102 the financial statements of the transition year and the current year do not have any debtor or creditor arrangements which have deferred payment terms or are due after one year.

Inter-group loans were considered within the transition process. The loans have no agreements for repayment terms and interest chargeable in place therefore they are to be treated as repayable on demand at non-discounted values. The loans had been treated as such in the transition year and therefore no transition adjustment is required.

STANHOPE HOUSE LEISURE LIMITED

Notes to the Consolidated Financial Statements for the year ended 31st October 2017 (Cont'd)

20.2 Investment Property

Stanhope House Leisure Limited subsidiary companies have previously recognised Investment property at cost value per the old UK GAAP rules. Upon transition to FRS 102 this is no longer allowable and transitional recognition is required. FRS 102 requires that Investment property is valued at fair value at the year end. Therefore the Investment property valuations in last year's financial statements have been re-stated to fair value with a corresponding amount going to gains on through the profit and loss. The gains and losses have been transferred to non distributable reserve within equity.

The resulting unrealised gain/losses have had no subsequent effect on deferred tax as the gains/losses at tax point would be subject to foreign tax jurisdictions.