

Company Registration No. 07161009 (England and Wales)

PARENT COMPANY ACCOUNTS OF
PENNING MANOR HOTEL LIMITED
COMPANY NO 04640106

DECKERS HOSPITALITY GROUP LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2016

THURSDAY



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DECKERS HOSPITALITY GROUP LIMITED

COMPANY INFORMATION

Directors	C Brierley M Brierley A Waller
Secretary	V Cosgrove
Company number	07161009
Registered office	Unit F Royle Pennine Trading Estate Lynroyle Way Rochdale OL11 3EX
Auditors	RSM UK Audit LLP Chartered Accountants 3 Hardman Street Manchester M3 3HF
Bankers	HSBC Bank PLC 4 Hardman Square Spinningfields Manchester M3 3EB
Solicitors	Gunnercooke LLP 53 King Street Manchester M2 4LQ

DECKERS HOSPITALITY GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2016

The directors present the strategic report and financial statements for the year ended 30 September 2016.

Review of the business

The directors are pleased with the ongoing trading performance of the group with an increase in profit before tax of £64,807. This is driven by sales and gross margin increases across all divisions of the group. Overall, sales have increased by 8.2% and this is mainly attributable to the wholesale business returning an 8.6% increase and Pennine Manor showing a revenue increase of 25%.

Pennine Manor has shown a considerable improvement in the hotel accommodation revenue both through rooms sold and rate achieved. This is as a result of the refurbishment of the bathrooms, investment in the site, as well as a considerable impact by the sales team.

Gross profit is up 9.6% by £549,682 and gross margins are also up 0.2%. Gross margin has increased due to the increase across the retail trading estate. Gross margins need to move forwards to keep pace with the increasing pressures from The National Living Wage increases, food inflation and rising energy costs.

The rise in distribution costs of 11.5% by £375,357 represents the additional investment in resource in central head office, the wholesale business and the national wage increases across the retail estate. Wage increases and resourcing is the group's largest overhead and significantly impacts the overall performance of the group.

Administration costs are up 5.7% showing increases spread across the majority of overheads, reflecting the increase in cost to meet the higher sales and inflationary pressures.

The group generated EBITDA of £758,064 (2015: £665,113).

The group had cash of £3,014,324 at the year end. Maintaining plentiful cash availability to take advantage of key buying opportunities is an important part of the group's strategy. The group generated cash of £212,007 after repaying £480,805 of borrowings.

Net assets have increased to £5,291,295 (2015: £5,177,960).

The accounts have been prepared for the first time under FRS 102. A reconciliation of the differences are detailed in note 32 of the accounts. Upon transition to FRS 102, the directors have revalued the assets to open market value which has resulted in a £372,028 impairment.

Future Developments

The directors have been reviewing how difficult the trading environment is becoming for the hospitality retail sector. Increasing labour cost, increasing raw material costs and increasing competitiveness within the market are all putting downward pressure on the return on investment.

These pressures along with a refocus of the group has led to the conclusion that it may not be in the best interest of stakeholders for Deckers to continue to own and operate the magnificent venues the group has cherished for many years.

The directors have instructed Savilles, a leading agent, to openly market a portfolio of three hotels and restaurants in Greater Manchester and Yorkshire for a combined guide price of £8.7 million. The sale comprises Royal Toby and Crimble Hall near Rochdale and Best Western Pennine Manor Hotel in Huddersfield.

Whilst the venues are on the market the directors are continuing to operate the businesses with the same attention to providing a quality experience in line with the group's philosophy of Proud Produce, Places &

DECKERS HOSPITALITY GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2016

People. The directors are still committed to providing high quality venues and in February 2017 completed a refurbishment of the Royal Toby main restaurant, study area and bar with an investment of over £200,000.

Within the wholesale division the directors are working to defend margins whilst trying to grow sales. Sales growth is targeted through an expanding geographical distribution area, and developing relationships with brand owners with clear routes to market.

The wholesale business has received approval under the new Alcohol Wholesaler Registration scheme ALDA 79 88C(1) that is due to commence 1st April 2017. The directors continue to focus on due diligence requirements and complying with all applicable laws and regulations.

The directors are investing in a new e-commerce website for Deckers Butchery which offers bespoke quality products to its clients.

The directors are conscious of the impact of the UK exiting the European Union, the main impact has been on raw material price increases. The directors will closely monitor the progress of the negotiations and the resulting impact upon the business.

Principal Risks and Uncertainties

The directors consider the principal risks and uncertainties facing the group to be financial, liquidity, credit and legislative.

Financial Risks

The directors monitor the interest rate closely. The group has previously used interest rate hedges and may in the future, if the directors consider it necessary to reduce the uncertainty.

Liquidity Risks

The group aims to mitigate liquidity risk by managing cash generation by its operations.

Investment is carefully monitored, with authorisation limits operating up to Board level. The approval procedures apply to all capital items. The method of funding to be used is dictated in each case by cash flow implications.

The subsidiaries participate in the group's centralised treasury arrangements and so share banking arrangements with the parent and fellow subsidiaries.

Credit risk

Debtors represent a significant level of the group's financial assets. Levels of credit are carefully monitored and reviewed by the directors.

The group manages its credit risk through credit insurance for the substantial part of the debt contained within the wholesale business

Legislative risk

The group is subject to Health, Hygiene and Safety legislation which are constantly reviewed. Compliance imposes costs and failure to comply with these standards could result in the business being unable to operate. The group has a Health & Safety policy and promotes the culture of a safe working environment. All employees are included in the internal training programme.

Employee legislation is subject to continuous revision and any new Directive may have a material impact on the ability of the group to operate profitably.

DECKERS HOSPITALITY GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2016

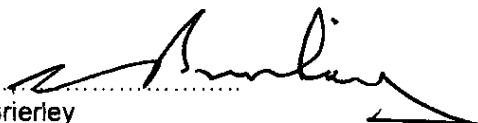
Key Performance Indicators

The group uses a number of key performance indicators in assessing and driving performance. The key financial and non financial indicators used by the group are sales, spend per head, gross margin, wages as a percentage of sales and customer feedback.

Other performance indicators

Indicator	2016 £	2015 £	% change
Turnover	41,540,081	38,401,953	8.2
Gross profit	6,262,583	5,712,901	9.6
Profit before tax	280,390	215,583	30.1
Cash at bank	3,014,324	2,802,317	7.6
Net assets	5,291,295	5,177,960	2.2

On behalf of the board



.....
C Brierley
Director

Date 19/5/17

DECKERS HOSPITALITY GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2016

The directors present their report and financial statements for the year ended 30 September 2016.

Principal activities

The principal activity of the group during the period was that of a restaurateur, hotelier, butcher and drinks wholesaler. The principal activity of the company was that of a holding company.

Going concern

Following a review of the group's forecasts and projections, the directors consider there are no material uncertainties that may cast significant doubt over the group's and company's ability to continue as a going concern.

The group is funded centrally and going concern is assessed as a group with the individual subsidiary performances supported by Deckers Hospitality Group. The directors consider the funding facilities in place appropriate to meet the medium to long term strategy outlined by the directors.

The group's directors have a reasonable expectation that the group and company has adequate resources and forecast performance to continue in operational existence for the foreseeable future. The going concern basis of accounting has been used in preparing the financial statements.

Directors

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

C Brierley

M Brierley

A Waller (Appointed 4 January 2016)

Results and dividends

The group's trading profit for the year, after taxation was £302,658 (2015: £190,530).

Events after the reporting period

The Group, is marketing three of its hotels and restaurants for a combined target price of £8.7 million. The sale comprises, The Royal Toby, Crimble Hall and Pennine Manor Hotel.

Qualifying third party indemnity provisions

The group has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Matters of strategic importance

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report.

Auditor

RSM UK Audit LLP has indicated its willingness to be reappointed for another term and appropriate arrangements have been put in place for it to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Statement of disclosure to auditor

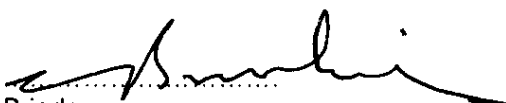
So far as the directors are aware, there is no relevant audit information of which the group's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the group's auditor is aware of that information.

DECKERS HOSPITALITY GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2016

By order of the board



.....
C Brierley
Director

Date..... 19/5/17

DECKERS HOSPITALITY GROUP LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2016

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 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 group and the company and of the profit or loss of the group and 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 group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DECKERS HOSPITALITY GROUP LIMITED

Opinion on financial statements

We have audited the group and parent company financial statements (the "financial statement") on pages 8 to 36. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland."

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 September 2016 and of the group's 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.

Scope of the audit of the financial statements

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

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept 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.

Respective responsibilities of directors and auditor

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

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.

RSM UK Audit LLP

Alison Ashley (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
3 Hardman Street
Manchester
M3 3HF

Date: *24 MAY 2017*

DECKERS HOSPITALITY GROUP LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Notes	2016 £	2015 £
Turnover	3	41,540,081	38,401,953
Cost of sales		(35,277,498)	(32,689,052)
Gross profit		<u>6,262,583</u>	<u>5,712,901</u>
Distribution costs		(3,636,055)	(3,260,698)
Administrative expenses		(2,221,927)	(2,101,880)
Other operating income		70,000	66,974
Operating profit	4	<u>474,601</u>	<u>417,297</u>
Interest payable and similar charges	7	(194,211)	(201,714)
Profit on ordinary activities before taxation		<u>280,390</u>	<u>215,583</u>
Taxation	8	22,268	(25,053)
Profit for the financial year		<u>302,658</u>	<u>190,530</u>
Other comprehensive income net of taxation			
Tax on revaluation of land and buildings		55,677	-
Total comprehensive income for the year		<u><u>358,335</u></u>	<u><u>190,530</u></u>

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

DECKERS HOSPITALITY GROUP LIMITED

Company Registration No. 07161009

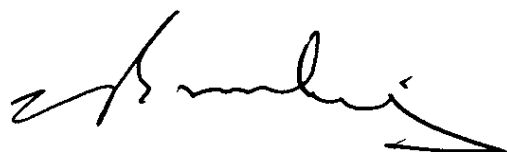
STATEMENTS OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2016

	Notes	2016 £	Group 2015 £	2016 £	Company 2015 £
Fixed assets					
Intangible assets	9	39,529	9,548	33,752	9,548
Tangible assets	10	10,444,874	10,426,372	28,883	46,198
Investments	11	-	-	272,004	272,004
		<u>10,484,403</u>	<u>10,435,920</u>	<u>334,639</u>	<u>327,750</u>
Current assets					
Stocks	13	1,811,663	2,278,553	-	-
Debtors	14	3,969,923	3,333,870	6,946,115	9,031,342
Cash at bank and in hand		3,014,324	2,802,317	158,803	80,702
		<u>8,795,910</u>	<u>8,414,740</u>	<u>7,104,918</u>	<u>9,112,044</u>
Creditors: amounts falling due within one year	15	(8,305,508)	(7,584,258)	(1,814,052)	(2,707,448)
Net current assets		<u>490,402</u>	<u>830,482</u>	<u>5,290,866</u>	<u>6,404,596</u>
Total assets less current liabilities		<u>10,974,805</u>	<u>11,266,402</u>	<u>5,625,505</u>	<u>6,732,346</u>
Creditors: Amounts falling due after more than one year	16	(4,986,874)	(5,296,921)	(4,894,796)	(5,263,172)
Provisions for liabilities	20	(696,636)	(791,521)	(2,644)	(6,761)
Net assets		<u>5,291,295</u>	<u>5,177,960</u>	<u>728,065</u>	<u>1,462,413</u>
Capital and reserves					
Called up share capital	23	26,999	271,999	26,999	271,999
Capital redemption reserve		245,000	-	245,000	-
Revaluation reserve		1,540,368	1,484,691	-	-
Other reserves		34,000	34,000	-	-
Profit and loss reserves		3,444,928	3,387,270	456,066	1,190,414
Total equity		<u>5,291,295</u>	<u>5,177,960</u>	<u>728,065</u>	<u>1,462,413</u>

The financial statements on pages 8 to 36 were approved by the board of directors and authorised for issue on 19/5/17 ... and are signed on its behalf by:

C Brierley
Director



DECKERS HOSPITALITY GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Notes	Share capital	Capital redemption reserve	Revaluation Reserve	Other reserves	Profit and loss reserves	Total
		£	£	£	£	£	£
Balance at 1 October 2014:		271,999	-	1,484,691	34,000	3,196,740	4,987,430
Year ended 30 September 2015:							
Profit for the year		-	-	-	-	190,530	190,530
Balance at 30 September 2015		<u>271,999</u>	<u>-</u>	<u>1,484,691</u>	<u>34,000</u>	<u>3,387,270</u>	<u>5,177,960</u>
Year ended 30 September 2016:							
Profit for the year		-	-	-	-	302,658	302,658
Other comprehensive income, net of taxation:							
Tax on revaluation of land and buildings		-	-	55,677	-	-	55,677
Total comprehensive income for the year:		-	-	55,677	-	302,658	358,335
Capital reduction	23	(245,000)	245,000	-	-	(245,000)	(245,000)
Balance at 30 September 2016		<u>26,999</u>	<u>245,000</u>	<u>1,540,368</u>	<u>34,000</u>	<u>3,444,928</u>	<u>5,291,295</u>

DECKERS HOSPITALITY GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Notes	Share Capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 October 2014:		271,999	-	1,404,048	1,676,047
Year ended 30 September 2015:					
Loss for the year		-	-	(213,634)	(213,634)
Balance at 30 September 2015		<u>271,999</u>	<u>-</u>	<u>1,190,414</u>	<u>1,462,413</u>
Year ended 30 September 2016:					
Loss for the year		-	-	(489,348)	(489,348)
Total comprehensive income for the year:					
Capital reduction	23	(245,000)	245,000	(245,000)	(245,000)
Balance at 30 September 2016		<u>26,999</u>	<u>245,000</u>	<u>456,066</u>	<u>728,065</u>

DECKERS HOSPITALITY GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Notes	2016 £	2015 £
Cash flows from operating activities			
Cash generated from operations	28	1,403,936	1,362,442
Interest paid		(194,211)	(201,714)
Income taxes paid		(26,907)	(137,284)
Net cash from operating activities		<u>1,182,818</u>	<u>1,023,444</u>
Investing activities			
Purchase of tangible fixed assets		(292,945)	(315,881)
Proceeds on disposal of tangible fixed assets		-	10,219
Purchase of intangible assets		(39,002)	-
Net cash used in investing activities		<u>(331,947)</u>	<u>(305,662)</u>
Financing activities			
Purchase of own shares		(245,000)	-
Proceeds of new bank loans		-	11,000
Repayment of bank loans		(480,805)	(539,532)
Proceeds of new finance leases		123,419	-
Payment of obligations under finance leases		(36,478)	(17,960)
Net cash used in financing activities		<u>(638,864)</u>	<u>(546,492)</u>
Net increase in cash and cash equivalents		<u>212,007</u>	<u>171,290</u>
Cash and cash equivalents at beginning of year		2,802,317	2,631,027
Cash and cash equivalents at end of year		<u>3,014,324</u>	<u>2,802,317</u>
Relating to:			
Bank balances and short term deposits included in cash at bank and in hand		<u>3,014,324</u>	<u>2,802,317</u>

DECKERS HOSPITALITY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2016

1 Accounting policies

Company information

Deckers Hospitality Group Limited ("the company") is a limited company domiciled and incorporated in England and Wales. The registered office is Unit F, Royle Pennine Trading Estate, Lynroyle Way, Rochdale, OL11 3EX.

The group consists of Deckers Hospitality Group Limited and all of its subsidiaries.

The group's principal activities and nature of operations during the period was that of a restaurateur, hotelier, butcher and drinks wholesaler. The principal activity of the company was that of a holding company.

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, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value.

The consolidated financial statements are presented in sterling which is the functional currency of the group. Monetary amounts in these financial statements are rounded to the nearest whole £1, except where otherwise indicated.

As permitted by s408 Companies Act 2006, the Company has not presented its own statement of comprehensive income. The Company's profit for the year and total comprehensive income/(loss) for the year were (£489,348) (2015: (£213,634)) and (£489,348) (2015: (£213,634)), respectively.

These financial statements are the first financial statements of Deckers Hospitality Group Limited prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). The financial statements of Deckers Hospitality Group Limited for the year ended 30 September 2015 were prepared in accordance with previous UK GAAP

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the directors have amended certain accounting policies to comply with FRS 102. The directors have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Reduced disclosures

The company has taken advantage of the exemption from disclosing the following information, as permitted by the reduced disclosure regime within FRS102:-

- Section 7 'Statement of cash flows' – Presentation of a Statement of Cash Flow and related notes and disclosures.
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts for financial instruments measured at amortised cost or cost less impairment, interest income/expense and net gains/losses for financial instruments measured at amortised cost, loan defaults or breaches, and descriptions of hedging relationships.
- Section 33 'Related Party Disclosures' – Compensation for Key Management Personnel.

DECKERS HOSPITALITY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2016

Comparative figures have been restated to reflect the adjustments made, except to the extent that the directors have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'. Adjustments are recognised directly in retained earnings at the transition date

Basis of consolidation

The consolidated financial statements merge the financial statements of those undertakings which are owned by the shareholders of Deckers Hospitality Group Limited following the group reorganisation as if they had always so been owned. Accordingly, in those years when mergers take place, in the group accounts the whole of the results, assets, liabilities and shareholders' funds of the merged companies are consolidated, regardless of the actual merger date, and corresponding figures for previous years are re-stated.

Subsequent to the group reorganisation, subsidiaries acquired during the period are consolidated using the acquisition method. Their results are incorporated from the date that control passes. The difference between the cost of acquisition of shares in subsidiaries and the fair value of the separable net assets acquired is capitalised as purchased goodwill and amortised through the profit and loss account over its estimated economic life. Provision is made for any impairment.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

All financial statements are made up to 30 September 2016.

No profit and loss account is presented for the company as permitted by section 408 of the Companies Act 2006.

Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the group and the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

The group is funded centrally and going concern is assessed as a group with the individual subsidiary performances supported by Deckers Hospitality Group. The directors consider the funding facilities in place appropriate to meet the medium to long term strategy outlined by the group's directors

The group's directors have a reasonable expectation that the group and company have adequate resources and forecast performance to continue in operational existence for the foreseeable future. The going concern basis of accounting has been used in preparing the financial statements.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for sale of goods and services to external customers in the ordinary nature of the business of goods and services provided at restaurants and hotels and liquor trading. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates. Turnover is shown net of Value Added Tax.

DECKERS HOSPITALITY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2016

Turnover is recognised in relation to separately identifiable components of a single transaction when necessary to reflect the substance of the arrangement and in relation to two or more linked transactions when necessary to understand the commercial effect.

Intangible fixed assets - goodwill

Previously acquired goodwill is capitalised and written off evenly over its useful economic life. At transition to FRS 102 on 1 October 2014, the directors took the decision to revise the useful economic life and write off in full at that date.

Intangible fixed assets – other than goodwill

Intangible assets separately acquired from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation 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:

Software	- 20% straight line
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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. At transition to FRS102 properties previously included at valuation have been recognised in the financial statements at deemed cost. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation of each asset to its estimated residual value over its expected useful life, as follows.

Freehold buildings and improvements	- Not depreciated
Leasehold buildings	- Over the duration of the lease
Motor vehicles	- 25% reducing balance
Fixtures, fittings and equipment	- On a straight line basis over estimated useful life ranging from 5 to 20 years

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

Land and buildings are accounted for separately even when acquired together.

Fixed asset investments

Interests in subsidiaries 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.

Impairments of fixed assets

At each reporting end date, the group reviews the carrying amounts of its tangible and intangible 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 group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

DECKERS HOSPITALITY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2016

Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Stocks

Stocks are valued at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first in first out basis, and for finished goods and work in progress, includes direct labour costs and overheads appropriate to the stage of manufacture.

At each reporting date, the group assesses whether stocks are impaired or if an impairment loss recognised in prior periods has reversed. Any excess of the carrying amount of stock over its estimated selling price less costs to complete and sell, is recognised as an impairment loss in profit or loss.

Reversals of impairment losses are also recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial assets

The group 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 assets are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Basic financial assets, which include trade and other receivables 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

DECKERS HOSPITALITY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2016

at a market rate of interest. Other financial assets classified as fair value through profit or loss are measured at fair value.

Loans and receivables

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

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. The impairment loss 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 when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Financial liabilities

Basic financial liabilities are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Other financial liabilities classified as fair value through profit or loss are measured at fair value.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the group's obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs.

Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

DECKERS HOSPITALITY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2016

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income or expenses from subsidiaries, that will be assessed to or allow for tax in a future period except where the Group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

For non-depreciable assets measured using the revaluation model, deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property

Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

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 group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

DECKERS HOSPITALITY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2016

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

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 statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the income statement so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

DECKERS HOSPITALITY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2016

2 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Useful life of fixed assets

In making decisions regarding the depreciation of tangible fixed assets, management must estimate the useful life of said assets to the business. A change in estimate would result in a change to the depreciation charged to the statement of total comprehensive income in each year.

Stock impairment

No impairment has been made at year-end on the basis that impairments are made as incurred during the year.

Property Valuation

At transition date the directors have chosen to include properties at deemed cost being the latest available valuation as they are of the opinion that the carrying value of the properties at transition is not materially different from the valuation date.

3 Turnover

The total turnover of the group for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

	2016	2015
	£	£
4 Operating profit		
Fees payable to the company's auditors for the audit of the group's and company's financial statements	23,250	19,700
Non-audit remuneration paid to the company's auditors	26,620	18,350
Depreciation of owned tangible fixed assets	237,168	230,295
Depreciation of tangible fixed assets held under finance leases	37,275	16,839
(Profit)/Loss on disposal of tangible fixed assets	-	(3,054)
Amortisation of intangible assets	9,021	682
Cost of stocks recognised as an expense	35,258,752	32,689,052
Operating lease charges	116,644	81,578
	<hr/>	<hr/>

DECKERS HOSPITALITY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2016

5 Employees

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

	2016	2015
	No	No
Administration	15	16
Bar and restaurant staff	218	213
	<u>233</u>	<u>229</u>

Their aggregate remuneration comprised:

	2016	2015
	£	£
Wages and salaries	3,284,831	3,083,256
Social security costs	224,367	217,024
Pension costs	8,676	6,811
	<u>3,517,874</u>	<u>3,307,091</u>

6 Directors' remuneration

	2016	2015
	£	£
Remuneration for qualifying services	240,778	105,767
Company pension contributions to defined contribution schemes	154	-
	<u>240,932</u>	<u>105,767</u>

	2016	2015
	£	£
Highest paid director in year	<u>100,209</u>	<u>54,265</u>

The number of directors for whom retirement benefits are accruing under money purchase scheme amounted to 2 (2015 - 0).

7 Interest payable and similar charges

	2016	2015
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	191,146	198,097
Interest on finance leases and hire purchase contracts	3,065	3,617
Total finance costs	<u>194,211</u>	<u>201,714</u>

DECKERS HOSPITALITY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2016

8 Taxation	2016 £	2015 £
Current tax		
UK corporation tax on profits for the current period	34,650	26,907
Adjustments in respect of prior periods	(17,710)	(22,853)
Total current tax	<u>16,940</u>	<u>4,054</u>
Deferred tax		
Origination and reversal of timing differences	24,273	21,259
Adjustment in respect of prior periods	(10,828)	(260)
Effect of tax rate change on opening balance	(52,653)	-
Total deferred tax	<u>(39,208)</u>	<u>20,999</u>
Total tax charge	<u>(22,268)</u>	<u>25,053</u>

Factors affecting future tax charges

The main rate of corporation tax stands at 20% in 2016/17. This will be further reduced to 19% for financial years starting on 1 April 2017 and then to 17% from 1 April 2020. The 19% corporation tax rate was substantively enacted on 26 October 2015 and the 17% corporation tax rate was substantively enacted on 6 September 2016.

The charge for the year can be reconciled to the profit per the statement of comprehensive income as follows:

	2016 £	2015 £
Profit before taxation	<u>280,390</u>	<u>215,583</u>
Expected tax charge based on a corporation tax rate of 20% (2015: 20%)	56,078	43,117
Tax effect of expenses that are not deductible in determining taxable profit	3,519	1,993
Tax charged at different rates	-	(2,845)
Adjustments in respect of prior years	(17,710)	(22,853)
Effect of change in tax rate	(56,935)	-
Group relief	-	3,282
Fixed asset differences	3,607	2,519
Other timing differences	1	100
Adjustments in respect of prior years	(10,828)	(260)
Tax expense for the year	<u>(22,268)</u>	<u>25,053</u>

Other comprehensive income

Tax recognised in other comprehensive income of £55,677 (2015: £Nil) relates to changes in the deferred tax rate affecting any previous revaluation balances recognised in the financial statements.

DECKERS HOSPITALITY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2016

9 Intangible assets

Group

	Software costs £
Cost	
1 October 2015	10,230
Additions	39,002
30 September 2016	<u>49,232</u>
Amortisation and impairment	
1 October 2015	682
Amortisation charged in the year	9,021
30 September 2016	<u>9,703</u>
Carrying amount	
30 September 2016	39,529
30 September 2015	<u><u>9,548</u></u>

Company

	Software costs £
Cost	
1 October 2015	10,230
Additions	32,812
30 September 2016	<u>43,042</u>
Amortisation and impairment	
1 October 2015	682
Amortisation charged in the year	8,608
30 September 2016	<u>9,290</u>
Carrying amount	
30 September 2016	33,752
30 September 2015	<u><u>9,548</u></u>

DECKERS HOSPITALITY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2016

10 Tangible fixed assets

Group	Freehold property and improvements £	Leasehold land and buildings £	Furniture, fixtures and fittings £	Motor vehicles £	Total £
Cost or valuation					
1 October 2015	9,011,337	1,596,465	4,836,371	104,097	15,548,270
Additions	-	-	162,980	129,965	292,945
30 September 2016	9,011,337	1,596,465	4,999,351	234,062	15,841,215
Depreciation and impairment					
1 October 2015	459,402	566,001	4,053,104	43,391	5,121,898
Depreciation charged	-	28,271	210,697	35,475	274,443
30 September 2016	459,402	594,272	4,263,801	78,866	5,396,341
Carrying amount					
30 September 2016	8,551,935	1,002,193	735,550	155,196	10,444,874
30 September 2015	8,551,935	1,030,464	783,267	60,706	10,426,372

The group has not depreciated freehold property and improvements on the grounds that depreciation is insignificant given the long useful lives of the buildings.

Included above are assets held under finance leases or hire purchase contracts as follows:

	Furniture, fixtures and fittings £	Motor vehicles £	Total £
Net book values			
At 30 September 2015	26,934	27,843	54,777
At 30 September 2016	25,698	114,892	140,590
Depreciation in year			
At 30 September 2015	8,735	8,104	16,839
At 30 September 2016	10,235	27,040	37,275

DECKERS HOSPITALITY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2016

10 Tangible fixed assets *(continued)*

Company	Furniture, fixtures and fittings £	Motor vehicles £	Total £
Cost or valuation			
1 October 2015 and 30 September 2016	327,882	45,173	373,055
Depreciation and impairment			
01 October 2015	310,011	16,846	326,857
Depreciation charged	10,257	7,058	17,315
30 September 2016	320,268	23,904	344,172
Carrying amount			
30 September 2016	7,614	21,269	28,883
30 September 2015	17,871	28,327	46,198

DECKERS HOSPITALITY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2016

		2016	2015	
		£	£	
11	Fixed asset investments			
	Company			
	Investments in subsidiaries (see note 12)	272,004	272,004	
		<u> </u>	<u> </u>	
12	Subsidiary undertakings			
	<i>Name of undertaking</i>	<i>Class of shareholding</i>	<i>Proportion of nominal value held directly</i>	<i>Nature of business</i>
	Deckers Restaurants Limited	Ordinary	100%	Liquor wholesaler and butchery
	Sale Water Park Restaurants Limited	Ordinary	100%	Restaurateur
	The Crimble Limited	Ordinary	100%	Restaurateur
	The Royal Toby Hotel (Castleton) Limited	Ordinary	100%	Restaurateur
	Pennine Manor Hotel Limited	Ordinary	100%	Restaurateur
	Deckers Group Limited	Ordinary	100%	Dormant
	Limelight Leisure Limited*	Ordinary	100%	Dormant

* This investment is held via Deckers Restaurants Limited.

DECKERS HOSPITALITY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2016

13 Stocks

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Cutlery and crockery stock	111,843	111,843	-	-
Food and bar stocks	1,699,820	2,166,710	-	-
	<u>1,811,663</u>	<u>2,278,553</u>	<u>-</u>	<u>-</u>

14 Debtors

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	3,450,332	2,743,060	-	-
Amounts due from fellow group undertakings	-	-	6,819,172	8,874,092
Corporation tax	7,802	-	-	-
Other debtors	199,222	268,120	81,262	68,204
Prepayments and accrued income	312,567	322,690	45,680	89,046
	<u>3,969,923</u>	<u>3,333,870</u>	<u>6,946,114</u>	<u>9,031,342</u>

Trade debtors with a carrying value of £3,452,368 (2015: £2,743,060) have been written down to £3,450,332 (2015: £2,743,060).

DECKERS HOSPITALITY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2016

15 Creditors: Amounts falling due within one year

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Loans and overdrafts	1,853,642	1,966,071	366,564	355,768
Obligations under finance leases	43,613	15,001	-	-
Corporation tax payable	24,647	26,812	(95)	(95)
Other taxation and social security	572,072	396,259	10,979	10,388
Trade creditors	4,979,549	4,312,628	458,852	408,447
Amounts due to fellow group undertakings	-	-	549,870	1,818,252
Other creditors	547,958	312,220	263,612	7,803
Accruals and deferred income	284,028	555,267	164,269	106,885
	<u>8,305,508</u>	<u>7,584,258</u>	<u>1,814,051</u>	<u>2,707,448</u>

Included within bank loans and overdrafts at the year end was £1,487,078 (2015: £1,610,303) regarding an invoice discounting facility with HSBC Equipment Finance (UK) Ltd and HSBC Asset Finance (UK) Ltd which was secured by a charge dated 30 November 2015 over the book debts of Deckers Restaurants Limited.

A composite company guarantee dated 2 May 2013 in favour of HSBC Bank plc also exists. The guarantee was given by Deckers Hospitality Group Limited, Deckers Restaurants Limited, Pennine Manor Hotel Limited, Sale Water Park Restaurant Limited, The Crimble Limited and the Royal Toby Hotel (Castleton) Limited.

Deckers Restaurants Limited has a legal assignment of contract monies in favour of HSBC Bank plc dated 2 September 2013.

16 Creditors: Amounts falling due after more than one year

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Loans and overdrafts	4,894,796	5,263,172	4,894,796	5,263,172
Obligations under finance leases	92,078	33,749	-	-
	<u>4,986,874</u>	<u>5,296,921</u>	<u>4,894,796</u>	<u>5,263,172</u>

DECKERS HOSPITALITY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2016

17 Financial instruments

	Group	
	2016 £	2015 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	3,649,551	3,011,180
	<u>3,649,551</u>	<u>3,011,180</u>
Carrying amount of financial liabilities		
Measured at amortised cost	12,695,660	12,458,108
	<u>12,695,660</u>	<u>12,458,108</u>

	2016 £	2015 £
18 Borrowings (Group)		
Bank loans	6,748,438	7,229,243
	<u>6,748,438</u>	<u>7,229,243</u>
Payable within one year	1,853,642	1,966,071
Payable after one year	4,894,796	5,263,172
	<u>4,894,796</u>	<u>5,263,172</u>

	2016 £	2015 £
Borrowings (Company)		
Bank loans	5,261,360	5,618,940
	<u>5,261,360</u>	<u>5,618,940</u>
Payable within one year	366,564	355,768
Payable after one year	4,894,796	5,263,172
	<u>4,894,796</u>	<u>5,263,172</u>
Amounts repayable by instalments falling due after more than 5 years	3,666,748	3,941,344
	<u>3,666,748</u>	<u>3,941,344</u>

At 30 September 2016, the group's and company's bank loans are repayable by equal monthly instalments until 2028. The bank loan is secured by a debenture including a fixed and floating charge over all present freehold and leasehold property, book and other debts, chattels, goodwill and uncalled capital dated 3 May 2013

The group has a legal assignment of contract monies in favour of HSBC Bank plc dated 2 September 2013.

DECKERS HOSPITALITY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2016

19 Finance lease commitments

Future minimum lease payments due under finance leases.

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Less than one year	43,613	15,001	-	-
Between one and five years	92,078	33,749	-	-
	<u>135,691</u>	<u>48,750</u>	<u>-</u>	<u>-</u>

Net obligations under finance lease and hire purchase contracts are secured by fixed charges on the assets concerned.

20 Provisions for liabilities

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Dilapidations	58,498	58,498	-	-
Deferred tax liabilities (see note 21)	638,138	733,023	2,644	6,761
	<u>696,636</u>	<u>791,521</u>	<u>2,644</u>	<u>6,761</u>

The provision of £58,498 (2015 - £58,498) was for the expected cost of dilapidations to be paid in respect of leases that have expired or when they will have expired.

Movements on provisions apart from deferred tax liabilities:

	Dilapidation £
Group	
1 October 2015	58,498
Additional provision in year	-
	<u>58,498</u>
30 September 2016	<u>58,498</u>

DECKERS HOSPITALITY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2016

21	Deferred taxation	Group		Company	
		2016 £	2015 £	2016 £	2015 £
	Deferred tax liabilities	645,101	741,006	3,784	8,069
	Deferred tax assets	(6,963)	(7,983)	(1,140)	(1,308)
	Net position at 30 September 2016	<u>638,138</u>	<u>733,023</u>	<u>2,644</u>	<u>6,761</u>

The major deferred tax liabilities and assets recognised are:

Deferred tax liabilities:	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Accelerated capital allowances	329,604	369,833	3,784	8,069
Tax losses available	(6,785)	(7,983)	(1,111)	(1,308)
Revaluation reserve	315,497	371,173	-	-
Short term timing differences	(178)	-	(29)	-
Total	<u>638,138</u>	<u>733,023</u>	<u>2,644</u>	<u>6,761</u>

22 Retirement benefits schemes

Defined contribution schemes

The group operates a defined contribution pension scheme for all qualifying employees in the United Kingdom. The assets of the scheme are held separately from those of the group in an independently administered fund. The contributions payable by the group charged to profit or loss amounted to £8,676 (2015: £6,811). Contributions totalling £1,691 (2015: £858) were payable to the fund at the year end and are included in creditors.

23 Share capital

Allotted, called up and fully paid:	2016		2015	
	No	£	No	£
Ordinary shares of £1 each	<u>26,999</u>	<u>26,999</u>	<u>271,999</u>	<u>271,999</u>

On 15 March 2016 the issued share capital of the company was reduced by cancelling and extinguishing 245,000 ordinary shares of £1 each to the registered holders

DECKERS HOSPITALITY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2016

24 Reserves

Reserves of the Group represent the following:

Capital redemption reserve

The nominal value of shares repurchased by the parent company and still held at the end of the reporting period.

Revaluation reserve

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

Other reserves

The nominal value of shares repurchased by Deckers Restaurants Limited and still held at the end of the reporting date.

Profit and loss reserve

Cumulative profit and loss net of distributions to owners.

25 Operating lease commitments

Lessee:

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016	2015
	£	£
Within one year	118,274	62,690
Between one and five years	261,098	46,183
	<u>379,372</u>	<u>108,873</u>

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016	2015
	£	£
Within one year	8,076	3,792
Between one and five years	16,094	5,688
	<u>24,170</u>	<u>9,480</u>

DECKERS HOSPITALITY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2016

26 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, who are also directors, is as follows:

	2016 £	2015 £
Aggregate compensation	305,459	262,063

Directors' transactions

During the year, the group effected a capital reduction of 245,000 £1 ordinary shares, including returning shares to directors as follows.

C Brierley – 130,498 ordinary shares of £1 each

M Brierley – 49,451 ordinary shares of £1 each

A Waller – 29,400 ordinary shares of £1 each

At 30 September 2016 the following balances were owed to the directors of the group:

C Brierley £130,948

M Brierley £49,451

A Waller £29,400

Transactions with related parties

The Group has taken advantage of the exemption available in Section 33.1A of FRS 102 whereby it has not disclosed transactions with any wholly owned subsidiary undertakings.

27 Controlling party

The ultimate controlling party is a director, Mr C Brierley by virtue of his majority shareholding Deckers Hospitality Group Limited is the parent company of the largest and smallest group for which group accounts are prepared.

DECKERS HOSPITALITY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2016

28 Cash generated from operations

	2016 £	Group 2015 £
Profit/(Loss) for the year	302,658	190,530
Adjustments for:		
Income tax (credit)/expense recognised in profit or loss	(22,268)	25,053
Finance costs recognised in profit or loss	194,211	201,714
Gain on disposal of tangible fixed assets	-	(3,054)
Amortisation and impairment of intangible assets	9,021	682
Depreciation and impairment of tangible fixed assets	274,443	247,133
Increase/(decrease) in provisions	-	(4,159)
Operating cash flows before movements in working capital	<u>758,065</u>	<u>657,899</u>
Decrease/(increase) in stock	466,890	(535,201)
Increase/(decrease) in trade and other debtors	(628,251)	575,304
Increase in trade and other creditors	807,232	664,440
Cash generated from operations	<u>1,403,936</u>	<u>1,362,442</u>

29 Duty guarantee

Deckers Hospitality Group Limited has a guarantee dated 19 July 2013 in favour of HMRC Central Deferment Office for £200,000 (2015: £200,000).

30 Parent guarantee

Deckers Hospitality Group Limited has given a guarantee under Section 479C of the Companies Act 2006. The following subsidiaries, included in these consolidated accounts, are therefore, exempt from the requirements of this Act relating to the audit of individual accounts by virtue of Section 479A.

- Sale Waterpark Restaurant Limited
- The Crimble Limited
- The Royal Toby (Castleton) Limited
- ✓ Pennine Manor Hotel Limited
- Limelight Leisure Limited
- Deckers Group Limited

DECKERS HOSPITALITY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2016

31 Events after the reporting period

The Group, is marketing three of its hotels and restaurants for a combined target price of £8.7 million. The sale comprises, The Royal Toby, Crimble Hall and Pennine Manor Hotel.

32 Reconciliations on adoption of FRS 102

Reconciliations and descriptions of the effect of the transition to FRS 102 on;

- (i) the consolidated equity at the date of transition to FRS 102;
- (ii) the consolidated equity at the end of the comparative period,
- (iii) the consolidated profit or loss for the comparative period reported under previous UK GAAP.
- (iv) the company equity at the date of transition to FRS 102;
- (v) the company equity at the end of the comparative period; and
- (vii) the company profit or loss for the comparative period reported previous UK GAAP.

are given below.

Under FRS 102, the Consolidated Statement of Cash Flows presents changes in cash and cash equivalents (which include cash in hand, deposits repayable on demand and overdrafts and short-term, highly liquid investments), showing changes arising from operating activities, investing activities and financing activities separately. Under previous UK GAAP, the Consolidated Cash Flow Statement presented changes in cash (which includes cash in hand, deposits repayable on demand and overdrafts) under the headings of operating activities, returns on investments and servicing of finance, taxation, capital expenditure and financial investment, acquisitions and disposals, equity dividends paid, management of liquid resources, and financing

DECKERS HOSPITALITY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2016

RECONCILIATIONS OF CONSOLIDATED EQUITY	Notes	01 October 2014	30 September 2015
		£	£
Consolidated equity as previously reported under previous UK GAAP		5,937,174	6,127,704
Deferred tax recognised on revaluation reserve	1	(371,173)	(371,173)
Amortisation of goodwill following revised useful life	2	(206,543)	(206,543)
Fixed asset impairment	3	(372,028)	(372,028)
Consolidated equity reported under FRS 102		<u>4,987,430</u>	<u>5,177,960</u>

RECONCILIATIONS OF CONSOLIDATED PROFIT OR LOSS	Notes	30 September 2015
		£
Consolidated profit or loss as previously reported under previous UK GAAP		190,530
Deferred tax recognised on revaluation reserve	1	-
Amortisation of goodwill following revised useful life	2	-
Consolidated profit or loss reported under FRS 102		<u>190,530</u>

Notes to reconciliations on adoption of FRS 102

1 Deferred tax on revaluation reserve

At transition date, a deferred tax provision has been recognised on the property revaluation.

2 Change in useful life of goodwill

The directors have taken the decision to revise the useful life of goodwill to five years on acquisition which resulted in it being written off in full at transition date.

3 Fixed asset impairment

Upon transition to FRS 102, the directors have taken the decision to revalue tangible fixed assets to open market value which has resulted in an impairment.

RECONCILIATIONS OF COMPANY EQUITY	Notes	01 October 2014	30 September 2015
		£	£
Company equity as previously reported under previous UK GAAP and under FRS 102		1,676,047	1,462,413

RECONCILIATIONS OF COMPANY PROFIT OR LOSS	Notes	30 September 2015
		£
Company loss as previously reported under previous UK GAAP and under FRS 102		<u>(213,634)</u>