

Hosting Developments Limited

Annual Report and Financial Statements

Year Ended

30 September 2019

Company Number 06338229

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Hosting Developments Limited

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Company Information

Directors	S B Cullen A P Craggs M Halley
Company secretary	S B Cullen
Registered number	06338229
Registered office	A1/A46 Junction Newark Nottinghamshire NG24 2EA
Independent auditors	BDO LLP Arcadia House Maritime Walk Ocean Village Southampton SO14 3TL

Hosting Developments Limited

Group Strategic Report For the Period Ended 30 September 2019

The directors present their Strategic Report together with the audited financial statements for the year ended 30 September 2019.

Principal activities, review of business and future developments

The group is a multi-franchise operation representing leading motorhome manufacturers from across the UK and Europe.

The group operates at Newark and is the biggest single site retailer of new and used motorhomes in the UK. As well as retailing motorhomes the group also has comprehensive aftersales, servicing and repair facilities along with an accessory shop. The Newark site is a unique destination site which, in addition to its state-of-the-art showroom displaying up to 60 motorhomes for sale, has a bistro and leisure centre together with overnight camping facilities for the exclusive use of its customers.

The results for the period and the financial position of the group are shown in the annexed financial statements.

The directors are pleased to report another year of strong profitability. The group made a profit before tax of £1,098k (2018 - £1,085k). This consistent profitability has been as a result of the close control by management over their costs despite an industry-wide squeeze in vehicle margins. Management have also taken advantage of buying opportunities as they have arisen.

The group continues to benefit from the close control and monitoring of all aspects of the business by senior management and the continuing demand for motorhomes which has resulted in increased vehicles sales in the group.

The group continues to have excellent relationships with its bankers and franchisors and continues to meet all its requirements on time.

There are no planned changes to the principal activities of the group. As a result of the Covid-19 pandemic and the temporary closure of the business in line with Government requirements, the directors are forecasting lower profitability in the forthcoming year and hope to return to pre-Covid profitability in 2021. The directors believe the business is well placed to face any further challenges ahead and are encouraged by the strong trading performance since reopening on 1 June 2020.

Review of financial position

At 30 September 2019, the group remained in a strong net cash position with a net balance of £5.5m (2018 - £3.8m).

As a result of the profitability in the year the group's net assets increased by 8% to £8.4m. The net current asset position has increased to £4.6m.

Based upon the strong financial position of the group the directors are able to make strategic decisions and take advantage of opportunities as they arise.

Hosting Developments Limited

Group Strategic Report (continued) For the Period Ended 30 September 2019

Key Performance Indicators

	Sept 2019	Sept 2018	Method of calculation
Profit for the year (£'000)	1,098	1,085	Profit before tax
Gross margin (%)	10.9	10.7	Gross profit divided by turnover
Capital expenditure (£'000)	169	215	Investment in capital items in the year
Average number of staff	185	158	Average number taken from payroll records

The board also monitors non financial key performance indicators, which include:

Customer satisfaction, as measured by independent third parties.
Employee turnover and absence

Principal risks and uncertainties

Business environment

The management of the business and the execution of the group's strategy are subject to a number of risks such as the competitive market place, the UK economy, Brexit and the reliance on the manufacturers. These risks are reviewed by the Board and where appropriate, monitored and mitigated by suitable processes.

There are some risks around Brexit, predominantly concerning exchange rates. However the directors do not believe this would have a significant impact.

The directors keep abreast of the current economic conditions and will continue to modify policies to reflect the market conditions.

They continue to have a good relationship and the continued support of their bankers and franchisors.

Inventory control

The directors review the levels, ageing and valuation of stock on a monthly basis. This close control ensures that availability and choice for customers is maintained. This means that the group is able to make informed decisions and react quickly to changes in market conditions as required.

Financial control

The group's operations expose it to a variety of financial risks that include the effects of changes in debt market prices, credit risk, liquidity risk, currency risk and interest rate risk. The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group by monitoring levels of debt finance and related finance costs.

Policies are also in place to ensure that funds are cleared on vehicles prior to delivery to ensure this risk is minimised. Where consumer finance is utilised, this is subject to acknowledgement that a customer has been accepted for finance prior to delivery.

To reduce the group's exposure to currency risk, fixed contracts and options are considered on a regular basis by the board. The directors keep this situation under constant review and are able to act to mitigate the group's currency risk when required.

Coronavirus

In the period prior to approving the financial statements a new risk of the Coronavirus has emerged. This will and has impacted all businesses in the UK (and globally). The directors have already implemented actions to take account of this risk to ensure the group can continue to trade and remain profitable for the foreseeable future. We are also working with our staff to ensure their continuing welfare and with customers to ensure their requirements can be met. Finally we have significant levels of cash reserves and facilities available to the group as required.

Hosting Developments Limited

Group Strategic Report (continued) For the Period Ended 30 September 2019

Principal risks and uncertainties (continued)

The policies of the board of directors are implemented by the group's finance department. The department has policies and procedures to manage interest and currency rate risks together with credit risk and the circumstances where it would be appropriate to use financial instruments to manage these.

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



S B Cullen
Director

Date: 29/06/2020

Hosting Developments Limited

Directors' Report For the Period Ended 30 September 2019

The directors present their report and the financial statements for the period ended 30 September 2019.

Results and dividends

The profit for the period, after taxation, amounted to £1,128,515 (2018 - £1,021,881).

Interim dividends of £515 per share were paid to the Ordinary shareholders during the year. The directors do not recommend payment of a final dividend.

Purchase of own shares

On 28 June 2019 the company repurchased 30,000 'B' Preference shares for a consideration of £30,000.

These share repurchases represented 47% of the 'B' Preference shares.

Financial instruments

These are disclosed in the Strategic Report.

Future developments

Information on the likely future developments in the business of the group has been included on the Strategic Report on page 1.

Post balance sheet events

In February 2020 the group saw the emergence of Covid-19 and the impact of the subsequent lockdown on the group's onsite operations. This is a non-adjusting post balance sheet event and has had no impact on the assets or the liabilities reported at year end. This led to a substantial closure of the group's operations from late March 2020 to the end of May 2020 and the resulting impact on revenues. The business reopened on 1 June 2020 and the business has seen a strong return with encouraging levels of sales and enquiries. The directors are forecasting a small level of profitability for the forthcoming year. Further details are provided in the Going Concern section of note 1 to these financial statements.

Market value of land and buildings

The directors are of the opinion that there is no material difference between the market value of the group's interests in land and buildings and the amounts at which they are shown in the financial statements.

Directors

The directors who served during the period were:

S B Cullen
A P Craggs
M Halley

Hosting Developments Limited

Directors' Report (continued) For the Period Ended 30 September 2019

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the group's financial statements and then apply them consistently;
- make judgements and accounting 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;
- 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 that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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 company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

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

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

Auditors

The auditors, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



S B Cullen
Director

Date: 29/06/2020

Hosting Developments Limited

Independent Auditors' Report to the members of Hosting Developments Limited

Opinion

We have audited the financial statements of Hosting Developments Limited ("the parent company") and its subsidiary ("the group") for the year ended 30 September 2019 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statement of Changes in Equity and the Consolidated Statement of Cash Flows, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 30 September 2019 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements 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 and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group 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.

Hosting Developments Limited

Independent Auditors' Report to the members of Hosting Developments Limited (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Hosting Developments Limited

Independent Auditors' Report to the members of Hosting Developments Limited (continued)

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the parent 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 Parent 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 parent Company and the parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Stephen Le Bas (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Southampton
United Kingdom

Date: 29/6/2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Hosting Developments Limited

Consolidated Statement of Comprehensive Income For the Period Ended 30 September 2019

	Note	2019 £	As restated 2018 £
Turnover	3	77,624,436	72,984,135
Cost of sales		(69,144,491)	(65,157,518)
Gross profit		8,479,945	7,826,617
Administrative expenses		(7,066,557)	(6,447,788)
Operating profit	4	1,413,388	1,378,829
Interest payable and expenses	8	(315,873)	(293,948)
Profit before taxation		1,097,515	1,084,881
Tax on profit	9	31,000	(63,000)
Profit for the financial period		1,128,515	1,021,881

There was no other comprehensive income for 2019 (2018 - £Nil).

The notes on pages 14 to 31 form part of these financial statements.

Hosting Developments Limited

Registered number:06338229

Consolidated Balance Sheet As at 30 September 2019

	Note	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Tangible assets	12		5,802,681		5,861,132
Current assets					
Stocks	14	11,000,540		10,209,034	
Debtors	15	1,838,046		1,097,587	
Cash at bank and in hand		5,542,873		3,800,736	
		<u>18,381,459</u>		<u>15,107,357</u>	
Creditors: amounts falling due within one year	16	(13,812,561)		(11,015,056)	
Net current assets			<u>4,568,898</u>		<u>4,092,301</u>
Total assets less current liabilities			<u>10,371,579</u>		<u>9,953,433</u>
Creditors: amounts falling due after more than one year	17		(1,997,552)		(2,135,626)
Net assets			<u><u>8,374,027</u></u>		<u><u>7,817,807</u></u>
Capital and reserves					
Called up share capital	20		471		771
Revaluation reserve	21		571,501		571,501
Capital redemption reserve	21		59,542		59,242
Profit and loss account	21		7,742,513		7,186,293
			<u><u>8,374,027</u></u>		<u><u>7,817,807</u></u>

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



S B Cullen
Director

Date: 29/06/2020

The notes on pages 14 to 31 form part of these financial statements.

Hosting Developments Limited

Registered number:06338229

Company Balance Sheet As at 30 September 2019

	Note	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Investments	13		2		2
Current assets					
Debtors: amounts falling due within one year	15	133,004		155,299	
Total assets less current liabilities			133,006		155,301
Net assets			133,006		155,301
Capital and reserves					
Called up share capital	20		471		771
Capital redemption reserve	21		59,542		59,242
Profit and loss account	21		72,993		95,288
			133,006		155,301

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial Statements. The profit after tax of the parent company for the year was £550,000 (2018 - 880,000).

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

S B Cullen
Director



Date: 29/06/2020

The notes on pages 14 to 31 form part of these financial statements.

Hosting Developments Limited

Consolidated Statement of Changes in Equity For the Period Ended 30 September 2019

	Share capital £	Capital redemption reserve £	Revaluation reserve £	Profit and loss account £	Total equity £
At 1 October 2017	1,211	58,802	571,501	7,087,667	7,719,181
Profit for the year	-	-	-	1,021,881	1,021,881
Dividends	-	-	-	(879,255)	(879,255)
Repurchase of shares	(440)	440	-	(44,000)	(44,000)
At 1 October 2018	771	59,242	571,501	7,186,293	7,817,807
Profit for the period	-	-	-	1,128,515	1,128,515
Dividends	-	-	-	(542,295)	(542,295)
Repurchase of shares	(300)	300	-	(30,000)	(30,000)
At 30 September 2019	471	59,542	571,501	7,742,513	8,374,027

Company Statement of Changes in Equity For the Period Ended 30 September 2019

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 October 2017	1,211	58,802	138,543	198,556
Profit for the year	-	-	880,000	880,000
Dividends	-	-	(879,255)	(879,255)
Repurchase of shares	(440)	440	(44,000)	(44,000)
At 1 October 2018	771	59,242	95,288	155,301
Profit for the period	-	-	550,000	550,000
Dividends	-	-	(542,295)	(542,295)
Repurchase of shares	(300)	300	(30,000)	(30,000)
At 30 September 2019	471	59,542	72,993	133,006

The notes on pages 14 to 31 form part of these financial statements.

Hosting Developments Limited

Consolidated Statement of Cash Flows For the Period Ended 30 September 2019

	2019 £	2018 £
Cash flows from operating activities		
Profit for the financial period	1,128,515	1,021,881
Adjustments for:		
Depreciation of tangible assets	215,156	205,405
Loss/(profit) on disposal of tangible assets	3,195	(1,867)
Interest expense	315,873	293,948
Taxation (credit)/charge	(31,000)	63,000
(Increase)/decrease in stocks	(791,506)	255,356
(Increase)/decrease in debtors	(709,459)	18,948
Increase/(decrease) in creditors	2,794,253	(529,542)
Net cash generated from operating activities	2,925,027	1,327,129
Cash flows from investing activities		
Purchase of tangible fixed assets	(168,702)	(215,091)
Sale of tangible fixed assets	8,802	24,794
Net cash used in investing activities	(159,900)	(190,297)
Cash flows from financing activities		
Purchase of own shares	(30,000)	(44,000)
Loans repaid	(134,822)	(120,512)
Dividends paid	(542,295)	(879,255)
Interest paid	(315,873)	(293,948)
Net cash used in financing activities	(1,022,990)	(1,337,715)
Net increase/(decrease) in cash and cash equivalents	1,742,137	(200,883)
Cash and cash equivalents at beginning of period	3,800,736	4,001,619
Cash and cash equivalents at the end of period	5,542,873	3,800,736
Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand	5,542,873	3,800,736

The notes on pages 14 to 31 form part of these financial statements.

Hosting Developments Limited

Notes to the Financial Statements For the Period Ended 30 September 2019

1. Accounting policies

1.1 Basis of preparation of financial statements

Hosting Developments Limited is a private company, limited by shares, incorporated in England and Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the group's operations and its principal activities are set out in the Strategic Report.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold buildings and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgement in applying the company's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.2 Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented for the parent company; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

1.3 Basis of consolidation

The consolidated financial statements present the results of the group and its own subsidiaries ("the group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

Hosting Developments Limited

Notes to the Financial Statements For the Period Ended 30 September 2019

1. Accounting policies (continued)

1.4 Going concern

The financial statements have been prepared on a going concern basis which assumes that the group will have sufficient funds available to enable it to continue to trade for the foreseeable future. In making their assessment that this assumption is correct the directors have undertaken an in depth review of the business, its current prospects, and cash resources as set out below.

In February 2020 the group saw the emergence of Covid-19 and the impact of the subsequent lockdown on the group's onsite operations which meant that the business had to substantially close its operations from late March 2020 until reopening on 1 June 2020. This led to a significant reduction in the group's income and profitability during this period. Since reopening in June 2020 there has been a strong level of sales and enquiries from customers and the directors are forecasting a small level of profitability for the year to 30 September 2020 and an increased recovery into the following financial year.

The group has achieved all covenants in relation to their bank loan during the year and has continued to meet these since the year end. Based on the forecasts prepared to 30 September 2021 the covenants are forecast to continue to be achieved and the group's bankers, National Westminster Bank plc, have also confirmed their continued support to the group.

After due consideration of these forecasts, current and forecast cash resources (which are expected to remain in excess of £4m), and the support of the group's bankers, the directors consider that the group has adequate financial resources to continue in operational existence for the foreseeable future, and for this reason the financial statements have been prepared on a going concern basis.

1.5 Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales.

Sales of motorhomes, parts and accessories are recognised on the earlier of full payment or delivery to the customer. Service sales are recognised on completion of the agreed work.

1.6 Intangible assets

Goodwill relates to the acquisition of a business in 2008, and is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Positive goodwill is capitalised and amortised through the Consolidated Statement of Comprehensive Income over the directors' estimate of its useful economic life of 20 years. Impairment tests on the carrying value of goodwill are undertaken:

- at the end of the first full financial year following acquisition; and
- in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Hosting Developments Limited

Notes to the Financial Statements For the Period Ended 30 September 2019

1. Accounting policies (continued)

1.7 Tangible fixed assets

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, except for freehold land, evenly over their expected useful lives. It is calculated at the following rates:

Freehold property	- Straight line over 50 years
Fixtures and fittings	- Between 10% and 33% on cost
Motor vehicles	- 33% on cost
Computer equipment	- Between 20% and 33% on cost

1.8 Revaluation of tangible fixed assets

Individual freehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Balance Sheet date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the Consolidated Statement of Comprehensive Income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

1.9 Investments

Investments held as fixed assets are stated at cost less any provision for impairment.

1.10 Stocks

Vehicle stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Where the nature of the agreement with the manufacturer confers the benefit and associated risk of ownership to the company on consignment, such stocks and the corresponding creditor are included on the balance sheet although legal title remains with the supplier until sold.

Parts stock is shown at weighted average purchase price paid. Provision is made for obsolete, slow moving or defective items where appropriate.

1.11 Financial instruments

The group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, and loans to related parties.

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

Hosting Developments Limited

Notes to the Financial Statements For the Period Ended 30 September 2019

1. Accounting policies (continued)

1.12 Foreign currency

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Any differences are taken to the Consolidated Statement of Comprehensive Income.

1.13 Financial liability and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

1.14 Finance costs

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

1.15 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

1.16 Leases

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the Consolidated Statement of Comprehensive Income account over the shorter of estimated useful economic life and the period of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the Consolidated Statement of Comprehensive Income over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the Consolidated Statement of Comprehensive Income on a straight-line basis over the term of the lease.

1.17 Pensions

Defined contribution pension plan

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

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

Hosting Developments Limited

Notes to the Financial Statements For the Period Ended 30 September 2019

1. Accounting policies (continued)

1.18 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company and the group operate and generate income.

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

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

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

1.19 Prior year reclassification

Certain disclosures in the Consolidated Statement of Comprehensive Income have been re-analysed. Cost of sales and administrative expenses have been restated in the prior year. This has decreased cost of sales by £525,334 and increased administrative expenses by the same amount. There has been no effect on profit for the year or net assets. This relates to the re-analysis of manufacturer bonuses in line with the current year split.

Hosting Developments Limited

Notes to the Financial Statements For the Period Ended 30 September 2019

2. Judgements in applying accounting policies and key sources of estimation uncertainty

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. Although these estimates are management's best knowledge of the amount, events or actions, actual amounts ultimately may differ from those estimates.

The directors have made the following critical estimates and judgements deemed to be applicable to the financial statements:

Stocks

Consideration has been given by the directors to the level of provision against vehicle stocks. In determining the provision required the directors have used guidance from independent valuation tools and their knowledge of the industry.

Valuation of fixed assets

Land and buildings within fixed assets are professionally valued on a fair value basis in accordance with FRS 102. The properties are subject to professional valuation with sufficient regularity to ensure that the fair value is not materially misstated. For more information on the valuations carried out in the year please see note 12.

3. Turnover

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

	2019 £	2018 £
Vehicles	74,643,710	70,048,265
Aftersales	2,826,768	2,789,135
Other	153,958	146,735
	<u>77,624,436</u>	<u>72,984,135</u>

All turnover arose within the United Kingdom.

4. Operating profit

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

	2019 £	2018 £
Depreciation of tangible assets	215,156	205,405
Operating lease expense	89,870	50,097
Exchange differences	(9,254)	(45,729)
Defined contribution pension cost	88,315	52,717

Hosting Developments Limited

Notes to the Financial Statements For the Period Ended 30 September 2019

5. Auditors' remuneration

	2019 £	2018 £
Fees payable to the group's auditor for the audit of the group's annual accounts	26,250	25,450
Fees payable to the group's auditor in respect of:		
Tax compliance services	5,665	5,500
All other services	5,920	5,760
	<u>11,585</u>	<u>11,260</u>

6. Employees

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

	Group 2019 £	Group 2018 £
Wages and salaries	4,954,531	4,445,825
Social security costs	479,264	444,291
Cost of defined contribution scheme	88,315	52,717
	<u>5,522,110</u>	<u>4,942,833</u>

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

	Group 2019 No.	Group 2018 No.
Sales	57	49
Administration	36	31
Service	73	62
Parts	19	16
	<u>185</u>	<u>158</u>

The parent company had no staff or employees at 30 September 2019 and 30 September 2018.

Hosting Developments Limited

Notes to the Financial Statements For the Period Ended 30 September 2019

7. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	406,659	424,798
Company contributions to defined contribution pension schemes	20,756	20,756
	<u>427,415</u>	<u>445,554</u>

During the period retirement benefits were accruing to 2 directors (2018 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £190,380 (2018 - £194,291).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £9,225 (2018 - £11,531).

8. Interest payable and similar expenses

	2019 £	2018 £
Bank loans and overdrafts	40,398	54,677
Stocking interest	275,475	239,271
	<u>315,873</u>	<u>293,948</u>

Hosting Developments Limited

Notes to the Financial Statements For the Period Ended 30 September 2019

9. Taxation

	2019 £	2018 £
Deferred tax		
Origination and reversal of timing differences	(31,000)	68,338
Adjustments in respect of previous periods	-	(5,338)
Total deferred tax	(31,000)	63,000

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	1,097,515	1,084,881
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	208,528	206,127
Effects of:		
Expenses not deductible for tax purposes	27,294	19,663
Movement on tax losses	(266,822)	(157,452)
Adjustment to tax charge in respect of prior periods	-	(5,338)
Total tax (credit)/charge for the year	(31,000)	63,000

Factors that may affect future tax charges

As at the year end the Government had announced that from 1 April 2020 the Corporation Tax main rate would be further reduced to 17%. Accordingly, deferred tax balances recognised in the accounts as at the year end have been calculated using the 17% rate.

The group has estimated losses of £13.9m (2018 - £15.2m) available for carry forward against future trading profits. In addition there are capital losses totalling £3.4m (2018 - £3.4m).

Hosting Developments Limited

Notes to the Financial Statements For the Period Ended 30 September 2019

10. Dividends

	2019 £	2018 £
Ordinary		
Interim paid of £515 (2018 - £835) per share	<u>542,295</u>	<u>879,255</u>

11. Intangible assets

Group

	Goodwill £
Cost	
At 1 October 2018 and 30 September 2019	<u>17,969,087</u>
Amortisation	
At 1 October 2018 and 30 September 2019	<u>17,969,087</u>
Net book value	
At 30 September 2018 and 30 September 2019	<u>-</u>

Hosting Developments Limited

Notes to the Financial Statements For the Period Ended 30 September 2019

12. Tangible fixed assets

Group

	Freehold land and buildings £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation					
At 1 October 2018	5,500,000	105,267	93,884	716,498	6,415,649
Additions	-	7,141	24,942	136,619	168,702
Disposals	-	(53,067)	(17,211)	(115,625)	(185,903)
At 30 September 2019	5,500,000	59,341	101,615	737,492	6,398,448
Depreciation					
At 1 October 2018	93,080	63,099	40,192	358,146	554,517
Provided for the year	47,670	20,009	26,065	121,412	215,156
Disposals	-	(49,475)	(13,547)	(110,884)	(173,906)
At 30 September 2019	140,750	33,633	52,710	368,674	595,767
Net book value					
At 30 September 2019	5,359,250	25,708	48,905	368,818	5,802,681
At 30 September 2018	5,406,920	42,168	53,692	358,352	5,861,132

Included in the cost of land and buildings is freehold land of £3,300,000 (2018 - £3,300,000) which is not depreciated.

Subsequent to a full valuation of the freehold land and buildings in December 2016, the directors have assessed the valuation of the freehold land and buildings in 2019 and have determined that there is no material change in their value.

Hosting Developments Limited

Notes to the Financial Statements For the Period Ended 30 September 2019

12. Tangible fixed assets (continued)

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2019 £	2018 £
Group		
Cost	5,517,947	5,517,947
Accumulated depreciation	(690,673)	(643,314)
Net book value	4,827,274	4,874,633

13. Fixed asset investments

Company

	Group undertaking s £
Cost or valuation	
At 1 October 2018 and 30 September 2019	27,468,809
Impairment	
At 1 October 2018 and 30 September 2019	27,468,807
Net book value	
At 30 September 2018 and 30 September 2019	2

Subsidiary undertaking

The following was a subsidiary undertaking of the company:

Name	Principal activity	Class of shares	Holding
Brownhills Motorhomes Limited	Retailer of motorhomes	Ordinary	100%

The address of Brownhills Motorhomes Limited's registered office is A1/A46 Junction, Newark, Nottinghamshire, NG24 2EA.

Hosting Developments Limited

Notes to the Financial Statements For the Period Ended 30 September 2019

14. Stocks

	Group 2019 £	Group 2018 £
Work in progress	47,308	45,974
Finished goods and goods for resale	10,953,232	10,163,060
	<u>11,000,540</u>	<u>10,209,034</u>

Stock recognised in cost of sales during the period as an expense was £71,515,777 (2018 - £66,625,252).

Vehicle depreciation and parts stock obsolescence totalling £11,840 (2018 - £53,265) was recognised in cost of sales and administrative expenses during the year.

Vehicle stocks held under consignment stocking agreements which are deemed to be assets of the group are included on the balance sheet from the point of consignment. The corresponding liability to the manufacturers is included within creditors. Stocks are held on consignment until adopted.

There is no material difference between the replacement cost of stocks and the amounts stated above.

15. Debtors

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Due within on year				
Trade debtors	479,363	429,424	-	-
Amounts owed by group undertakings	-	-	133,004	155,299
Prepayments and accrued income	1,132,683	473,163	-	-
Deferred taxation (see note 19)	226,000	195,000	-	-
	<u>1,838,046</u>	<u>1,097,587</u>	<u>133,004</u>	<u>155,299</u>

Hosting Developments Limited

Notes to the Financial Statements For the Period Ended 30 September 2019

16. Creditors: Amounts falling due within one year

	Group 2019 £	Group 2018 £
Bank loans (secured)	113,790	110,538
Trade creditors	11,334,523	9,896,893
Other taxation and social security	1,723,812	807,332
Accruals and deferred income	640,436	200,293
	13,812,561	11,015,056

The bank loans are secured by a first legal charge over the freehold land and buildings held within the group together with a debenture and an inter-company cross guarantee between group companies.

Within trade creditors are amounts totalling £9,864,637 (2018 - £8,757,341) which are secured against the individual assets concerned.

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

	Group 2019 £	Group 2018 £
Bank loans (secured)	1,997,552	2,135,626

Please provide details of the terms of payment or repayment and the rates of any interest payable on the amounts repayable more than five years after the balance sheet date.

Analysis of the maturity of loans is given below:

	Group 2019 £	Group 2018 £
In one year or less, or on demand	113,790	110,538
In more than one year but not more than two years	117,138	113,790
In more than two years but not more than five years	1,880,414	361,853
In more than five years	-	1,659,983
	2,111,342	2,246,164

The bank loans are secured by a first legal charge over the freehold land and buildings held within the group together with a debenture and an inter-company cross guarantee between group companies.

Hosting Developments Limited

Notes to the Financial Statements For the Period Ended 30 September 2019

18. Financial instruments

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	<u>6,022,236</u>	<u>4,230,160</u>	<u>133,004</u>	<u>155,299</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>14,086,301</u>	<u>12,343,350</u>	<u>-</u>	<u>-</u>

Financial assets that are debt instruments measured at amortised cost comprise cash at bank, trade debtors and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise bank loans, trade creditors and accruals.

19. Deferred taxation

Group

	2019 £	2018 £
At beginning of year	195,000	258,000
Credited/(charged) to the profit or loss	31,000	(63,000)
At end of year	<u>226,000</u>	<u>195,000</u>

The deferred tax asset is made up as follows:

	Group 2019 £	Group 2018 £
Accelerated capital allowances	(7,688)	(17,157)
Tax losses carried forward	233,688	212,157
	<u>226,000</u>	<u>195,000</u>

At the year end the group has an estimated unprovided deferred tax asset totalling £2,683,000 (2018 - £1,792,000) consisting of an asset of £2,096,000 (2018 - £2,379,000) in relation to unrecognised trading losses and £587,000 (2018 - £587,000) in relation to unrecognised capital losses.

Hosting Developments Limited

Notes to the Financial Statements For the Period Ended 30 September 2019

20. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
1,053 (2018 - 1,053) Ordinary shares of 1p each	11	11
12,000 (2018 - 12,000) 'A' Preference shares of 1p each	120	120
34,000 (2018 - 64,000) 'B' Preference shares of 1p each	340	640
	<hr/>	<hr/>
	471	771
	<hr/>	<hr/>

On 28 June 2019 the company repurchased 30,000 'B' Preference shares for a consideration of £30,000.

The rights of each class of share is as follows:

Rights to distributable profits

Any profits resolved to be distributed in any financial year shall be distributed among the holders of the Ordinary Shares pro rata according to 'the par value of the Ordinary Shares held by each such shareholder.

The holders of the 'A' Preference Shares and 'B' Preference Shares are not entitled to any dividend or distribution or to participate in the profits of the Company.

Rights on winding up

Upon winding up the holders of the 'A' Preference Shares shall be entitled to the first payment of arrears on shares at 1p per share.

Second, in paying to the holders of the 'B' Preference Shares an amount equal to the subscription price paid for such shares.

Third, in paying the, next £100,000,000 to the holders of the Ordinary shares in proportion to the number of Ordinary shares held.

Finally, the balance shall be payable to the holders of the Ordinary Shares in the proportion to the number of Ordinary Shares held by them.

Voting rights

The holders of the Ordinary shares shall have the right to receive notice of and attend and vote at any general meeting of the Company. Each shareholder shall be entitled to one vote for each Ordinary Share held.

The holders of the Preference Shares shall have right to receive notice, attend and speak at general meetings of the Company, but shall not confer any right to vote thereat.

Hosting Developments Limited

Notes to the Financial Statements For the Period Ended 30 September 2019

21. Reserves

Revaluation reserve

The revaluation reserve represents accumulated revaluation gains on freehold land and buildings.

Capital redemption reserve

The capital redemption reserve represents the nominal value of shares repurchased by the company.

Profit and loss account

The profit and loss account represents accumulated comprehensive income for the year and prior periods less any dividends paid.

22. Contingent liabilities

The property and assets of the group are held as security by the bank to secure the liabilities of all the group undertakings.

23. Pension commitments

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension charge amounted to £88,315 (2018 - £52,717). There were outstanding contributions totalling £19,523 (2018 - £9,509) at the end of the financial year.

24. Commitments under operating leases

At 30 September 2019 the group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2019 £	Group 2018 £
Not later than 1 year	87,310	81,545
Later than 1 year and not later than 5 years	249,625	259,960
Later than 5 years	219,479	280,729
	556,414	622,234

The company had no commitments under the non-cancellable operating leases as at the balance sheet date.

Hosting Developments Limited

Notes to the Financial Statements For the Period Ended 30 September 2019

25. Related party transactions

The company has taken advantage of the exemption conferred by FRS 102 not to disclose transactions with its wholly owned subsidiaries.

Dividends totalling £542,295 (2018 - £879,255) were paid to the directors.

Amounts totalling £Nil (2018 - £8,000) were paid to the directors in respect of the repurchase of 'A' Preference shares. Amounts totalling £30,000 (2018 - £36,000) were paid to the directors in respect of the repurchase of 'B' Preference shares.

Only the directors are considered to be key management personnel. Total remuneration in respect of these individuals is £483,534 (2018 - £504,176). Amounts outstanding as at 30 September 2019 in respect of this remuneration totalled £37,217 (2018 - £2,500).

26. Post balance sheet events

In February 2020 the group saw the emergence of Covid-19 and the impact of the subsequent lockdown on the group's onsite operations. This is a non-adjusting post balance sheet event and has had no impact on the assets or the liabilities reported at year end. This led to a substantial closure of the group's operations from late March 2020 to the end of May 2020 and the resulting impact on revenues. The business reopened on 1 June 2020 and the business has seen a strong return with encouraging levels of sales and enquiries. The directors are forecasting a small level of profitability for the forthcoming year. Further details are provided in the Going Concern section of note 1 to these financial statements.

27. Controlling party

The company is controlled by the directors. The directors consider that no one person controls the company.