

**Strategic Report, Report of the Directors and**

**Audited Financial Statements**

**for the Year Ended 4 April 2018**

**for**

**Glynhill Hotel Limited**

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**for the Year Ended 4 April 2018**

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**Glynhill Hotel Limited**  
**Company Information**  
**for the Year Ended 4 April 2018**

**DIRECTORS:** Ms M Nicholas BA  
A H Nicholas  
R Nicholas

**REGISTERED OFFICE:** 147 Bath Street  
Glasgow  
G2 4SN

**REGISTERED NUMBER:** SC044852 (Scotland)

**AUDITORS:** Gillespie & Anderson  
Statutory Auditors  
Chartered Accountants  
147 Bath Street  
Glasgow  
G2 4SN

**BANKERS:** The Royal Bank of Scotland plc  
1 Moncrieff Street  
Paisley  
PA3 2AW

**Strategic Report**  
**for the Year Ended 4 April 2018**

The directors present their strategic report for the year ended 4 April 2018.

**REVIEW OF BUSINESS**

The results for the year and financial position of the company are as shown in the annexed financial statements.

The directors remain satisfied with the financial performance and position of the company which should be considered in the light of the ongoing challenging economic climate in the UK and globally.

Turnover fell marginally in comparison with the prior year and gross profits reduced in both real and in percentage terms. This combined with an increase in administrative expenses of approximately £100,000 has resulted in a reduced pre-tax profit for the year of £40,844.

The company continues to progress due to the investment made in the Hotel in recent years and the plans put in place by the directors and senior management.

Going forward, the directors are confident that the strong financial position at the year end as reflected in the Balance Sheet stands the company in good stead for the future. The company's selective programme of refurbishment has continued in the year under review, with capital expenditure in the year being in excess of £387,000, demonstrating the Board's ongoing commitment to investment in the Hotel and their confidence in the long-term future of the business.

The business objectives for the year ended 4 April 2019 (i.e. to improve profitability by achieving higher occupancy levels, with improved room rates and controlling costs, whilst continuing to offer guests an improved standard of facilities and service) remain valid for future financial years.

**Strategic Report**  
**for the Year Ended 4 April 2018**

**PRINCIPAL RISKS AND UNCERTAINTIES**

Principal risks and uncertainties facing the business relate mainly to the overall economic factors facing the leisure industry as a whole, together with prevailing local economic conditions, including the disproportionate rise in the costs of business rates and utilities.

The sales plans in place and the targets set are indicative of the pro-active approach adopted by management in attaining the company's stated objectives, in the face of increased competition.

Seasonality in the company's trade is also mitigated by the investments made in this and prior years, which seek to expand the range of activities on offer at the Hotel, whilst finance repayments are structured accordingly in line with anticipated cash flows.

Financial and cash flow risk is considered with the assistance of cash flow projections which are regularly reviewed and revisited in the light of subsequent events. The management team look to retain a level of reserves consistent with ongoing liabilities plus sufficient headroom to cover eventualities.

The directors recognise the risks associated with interest rate fluctuations on the loan finance in place and previously minimised this with the use of base rate swap agreements with the company's bankers. The arrangements in place were the subject of a review by the bank which resulted in significant redress payments to the company in 2015. Following this, no replacement agreements were put in place which the directors consider to be acceptable in view of the low rates of interest currently in force and anticipated for the foreseeable future.

These are the most significant risks that may adversely affect business strategy, financial position or future performance. Senior management meet regularly to identify risk factors which may affect the business, evaluating the risk of these materialising and the financial or strategic impact of such events, in order to apply relevant and effective mitigating factors.

**ON BEHALF OF THE BOARD:**

Ms M Nicholas BA - Director

28 December 2018

**Report of the Directors**  
**for the Year Ended 4 April 2018**

The directors present their report with the financial statements of the company for the year ended 4 April 2018.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of hotel proprietors.

**DIVIDENDS**

Interim dividends per share were paid as follows:

£0.50	- 2 June 2017
£0.50	- 22 August 2017
£1.00	- 25 October 2017
<u>£2</u>	

The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 4 April 2018 will be £ 155,600 .

**FUTURE DEVELOPMENTS**

The company's specific plans for future development centre on the continuing refurbishment programme, designed to improve existing facilities and services on offer to both existing and new customers.

Further changes to the management structure which commenced in the year under review are continuing, moving forward.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 5 April 2017 to the date of this report.

Ms M Nicholas BA  
A H Nicholas  
R Nicholas

Other changes in directors holding office are as follows:

F Scholarios ceased to be a director after 4 April 2018 but prior to the date of this report.

**FIXED ASSETS**

The movement in fixed assets during the year are summarised in the notes to the financial statements.

No formal valuation has yet been made of the company's interests in land. However, the directors are of the opinion that the market value is substantially higher than the amount at which it is included in the balance sheet, and draw the attention of the members of the company to this fact in accordance with schedule 7, paragraph 1 (2) of the Companies Act 1985.

**Report of the Directors**  
**for the Year Ended 4 April 2018**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

The auditors, Gillespie & Anderson, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

Ms M Nicholas BA - Director

28 December 2018

**Report of the Independent Auditors to the Members of**  
**Glynhill Hotel Limited**

**Opinion**

We have audited the financial statements of Glynhill Hotel Limited (the 'company') for the year ended 4 April 2018 which comprise the Profit & Loss Account, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, 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 company's affairs as at 4 April 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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.

**Opinion on other matters prescribed by the Companies Act 2006**

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

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

**Report of the Independent Auditors to the Members of**  
**Glynhill Hotel Limited**

**Matters on which we are required to report by exception**

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page five, 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditors' responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors 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.

Alun Johnstone BAcc CA (Senior Statutory Auditor)  
for and on behalf of Gillespie & Anderson  
Statutory Auditors  
Chartered Accountants  
147 Bath Street  
Glasgow  
G2 4SN

28 December 2018

**Profit & Loss Account**  
**for the Year Ended 4 April 2018**

	Notes	2018 £	£	2017 £	£
<b>TURNOVER</b>			5,201,264		5,211,726
Cost of sales			<u>2,389,966</u>		<u>2,276,278</u>
<b>GROSS PROFIT</b>			2,811,298		2,935,448
Administrative expenses			<u>2,710,575</u>		<u>2,608,154</u>
			100,723		327,294
Other operating income			<u>(3,557)</u>		<u>7,051</u>
<b>OPERATING PROFIT</b>	4		97,166		334,345
Income from fixed asset investments	5	25		22	
Interest receivable and similar income		<u>12</u>		<u>37</u>	
			<u>37</u>		<u>59</u>
			97,203		334,404
Interest payable and similar expenses	6		<u>56,359</u>		<u>63,190</u>
<b>PROFIT BEFORE TAXATION</b>			40,844		271,214
Tax on profit	7		<u>37,131</u>		<u>57,074</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>			3,713		214,140
<b>OTHER COMPREHENSIVE INCOME</b>			<u>-</u>		<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME</b>					
<b>FOR THE YEAR</b>			<u>3,713</u>		<u>214,140</u>

The notes form part of these financial statements

**Glynhill Hotel Limited (Registered number: SC044852)**

**Balance Sheet**  
**4 April 2018**

	Notes	2018 £	£	2017 £	£
<b>FIXED ASSETS</b>					
Tangible assets	9		5,978,429		5,975,373
Investments	10		<u>414</u>		<u>414</u>
			5,978,843		5,975,787
<b>CURRENT ASSETS</b>					
Stocks	11	65,740		62,545	
Debtors	12	246,007		255,238	
Cash at bank and in hand		<u>59,252</u>		<u>150,964</u>	
		370,999		468,747	
<b>CREDITORS</b>					
Amounts falling due within one year	13	<u>1,421,381</u>		<u>1,454,632</u>	
<b>NET CURRENT LIABILITIES</b>			<u>(1,050,382)</u>		<u>(985,885)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			4,928,461		4,989,902
<b>CREDITORS</b>					
Amounts falling due after more than one year	14		(1,193,564)		(1,107,942)
<b>PROVISIONS FOR LIABILITIES</b>	19		<u>(315,124)</u>		<u>(310,300)</u>
<b>NET ASSETS</b>			<u>3,419,773</u>		<u>3,571,660</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	20		77,800		77,800
Capital redemption reserve	21		87,200		87,200
Retained earnings	21		<u>3,254,773</u>		<u>3,406,660</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>3,419,773</u>		<u>3,571,660</u>

The financial statements were approved by the Board of Directors on 28 December 2018 and were signed on its behalf by:

Ms M Nicholas BA - Director

The notes form part of these financial statements

**Statement of Changes in Equity**  
**for the Year Ended 4 April 2018**

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Total equity £
<b>Balance at 5 April 2016</b>	77,800	3,270,320	87,200	3,435,320
<b>Changes in equity</b>				
Dividends	-	(77,800)	-	(77,800)
Total comprehensive income	-	214,140	-	214,140
<b>Balance at 4 April 2017</b>	<u>77,800</u>	<u>3,406,660</u>	<u>87,200</u>	<u>3,571,660</u>
<b>Changes in equity</b>				
Dividends	-	(155,600)	-	(155,600)
Total comprehensive income	-	3,713	-	3,713
<b>Balance at 4 April 2018</b>	<u>77,800</u>	<u>3,254,773</u>	<u>87,200</u>	<u>3,419,773</u>

**Cash Flow Statement**  
**for the Year Ended 4 April 2018**

	Notes	2018 £	2017 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	681,109	559,655
Interest paid		(37,032)	(37,319)
Interest element of hire purchase and finance lease rental payments paid		(19,327)	(25,871)
Tax paid		(78,007)	(62,183)
Net cash from operating activities		<u>546,743</u>	<u>434,282</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(387,134)	(520,374)
Interest received		12	37
Dividends received		25	22
Net cash from investing activities		<u>(387,097)</u>	<u>(520,315)</u>
<b>Cash flows from financing activities</b>			
New loans in year		300,000	131,015
Loan repayments in year		(249,431)	(291,323)
Capital repayments in year		(43,830)	(144,344)
Equity dividends paid		(155,600)	(77,800)
Net cash from financing activities		<u>(148,861)</u>	<u>(382,452)</u>
<b>Increase/(decrease) in cash and cash equivalents</b>		<u>10,785</u>	<u>(468,485)</u>
<b>Cash and cash equivalents at beginning of year</b>	2	(277,687)	190,798
<b>Cash and cash equivalents at end of year</b>	2	<u>(266,902)</u>	<u>(277,687)</u>

The notes form part of these financial statements

**Notes to the Cash Flow Statement**  
**for the Year Ended 4 April 2018**

1. **RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2018	2017
	£	£
Profit before taxation	40,844	271,214
Depreciation charges	384,078	357,655
Finance costs	56,359	63,190
Finance income	(37)	(59)
	<u>481,244</u>	<u>692,000</u>
(Increase)/decrease in stocks	(3,195)	2,180
Decrease/(increase) in trade and other debtors	9,231	(33,533)
Increase/(decrease) in trade and other creditors	<u>193,829</u>	<u>(100,992)</u>
<b>Cash generated from operations</b>	<b><u>681,109</u></b>	<b><u>559,655</u></b>

2. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Year ended 4 April 2018**

	4.4.18	5.4.17
	£	£
Cash and cash equivalents	59,252	150,964
Bank overdrafts	<u>(326,154)</u>	<u>(428,651)</u>
	<b><u>(266,902)</u></b>	<b><u>(277,687)</u></b>

**Year ended 4 April 2017**

	4.4.17	5.4.16
	£	£
Cash and cash equivalents	150,964	190,798
Bank overdrafts	<u>(428,651)</u>	<u>-</u>
	<b><u>(277,687)</u></b>	<b><u>190,798</u></b>

**Notes to the Financial Statements**  
**for the Year Ended 4 April 2018**

**1. STATUTORY INFORMATION**

Glynhill Hotel Limited is a private company, limited by shares, registered in Scotland. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These individual financial statements of the company have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. They are prepared under the going concern basis and under the historical cost convention, as modified by certain financial assets and liabilities measured at fair value through profit and loss.

**Going concern disclosures**

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

**Significant judgements and estimates**

In preparing the financial statements, management are required to make judgements, estimates and assumptions, based on historical experience and other relevant factors. Actual results may differ from these best estimates, which are reviewed on an ongoing basis.

The items in the financial statements where these judgements are required (and the factors in play) include trade debtors (likelihood of recovery), stock (impairment losses), accruals (likelihood & quantum of liability) and fixed assets (depreciation rates and capitalisation of expense).

**Turnover**

Turnover represents net sales of goods & services, excluding value added tax and any discount offered, and includes all income (including rental income) which the directors consider to be relevant to the main trading activities of the company. Such turnover is recognised when the company becomes entitled to the income concerned and when the outcome of the transaction can be reliably measured.

For turnover involving the sale of goods, this occurs when:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company no longer retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- it is probable that the economic benefits associated with the transaction will flow to the company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

For turnover involving the rendering of services, this occurs by reference to the stage of completion of the transaction at the end of the reporting period and where the outcome of a transaction can be estimated reliably, with the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

For example, turnover in relation to room sales is recognised at close of business on the date of the customer's stay, along with all services provided to the guest during that day, whilst the Leisure Club membership fees received in advance of the period of membership are deferred and released according to the period of membership.

**Notes to the Financial Statements - continued**  
**for the Year Ended 4 April 2018**

**2. ACCOUNTING POLICIES - continued**

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Land & buildings	- 2% on cost
Leisure complex plant	- 10% on reducing balance
Heating installation	- 10% on reducing balance
Electrical installation	- 10% on reducing balance
Plant & fittings	- 10% on reducing balance
Furnishings	- 10% on reducing balance
Motor vehicles	- 20% on reducing balance and 20% on cost

Factors such as a change in how an asset is used, significant unexpected wear and tear, technological advancement, and changes in market prices may indicate that the residual value or useful life of an asset has changed since the most recent annual reporting date. If such indicators are present, the company will review its previous estimates and, if current expectations differ, amend the residual value, depreciation method or useful life, accounting for such revisions as a change in an accounting estimate in accordance with FRS 102.

As permitted by the Companies Act, crockery, glassware and linen have been stated at a fixed quantity and value since their quantity, value and composition is not subject to material variation and their overall value is not material to assessing the company's state of affairs.

**Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**Financial instruments**

The company has no complex financial instruments but does hold basic financial instruments of; cash at bank, debtors and creditors.

Cash and cash equivalents comprise cash at bank and on hand, foreign currency on hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. A bank overdraft would be shown within current liabilities.

Trade and other debtors are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less losses for bad debts except where the effect of discounting would be immaterial. In such cases, trade and other debtors are stated at cost less losses for bad debts.

Trade and other creditors are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate unless the effect of discounting would be immaterial. In such cases, trade and other creditors are stated at cost.

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Profit & Loss Account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Notes to the Financial Statements - continued**  
**for the Year Ended 4 April 2018**

**2. ACCOUNTING POLICIES - continued**

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Hire purchase and leasing commitments**

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating lease are charged to the income statement on a straight line basis over the period of the lease.

**Pension costs and other post-retirement benefits**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

**Employee benefits**

The total cost of employee benefits to which employees have become entitled because of service rendered to the entity during the reporting period are recognised and charged to the profit and loss account in the period to which they relate.

**Provision for liabilities**

A provision is initially recognised when there is an obligation at the balance sheet date as the result of a past event, it is probable that there will be the transfer of funds in settlement and the amount of the obligation can be estimated reliably. The provision is subsequently measured by placing a charge against the provision only for expenditure for which the provision was originally recognised.

**3. EMPLOYEES AND DIRECTORS**

	2018	2017
	£	£
Wages and salaries	2,113,454	2,001,970
Social security costs	154,181	140,788
Other pension costs	123,520	128,208
	<u>2,391,155</u>	<u>2,270,966</u>

**Notes to the Financial Statements - continued**  
**for the Year Ended 4 April 2018**

**3. EMPLOYEES AND DIRECTORS - continued**

The average number of employees during the year was as follows:

	2018	2017
Directors	4	4
Administration	16	17
Others	<u>140</u>	<u>142</u>
	<u>160</u>	<u>163</u>
	2018	2017
	£	£
Directors' remuneration	204,981	193,344
Directors' pension contributions to money purchase schemes	<u>48,000</u>	<u>43,200</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>3</u>	<u>3</u>
------------------------	----------	----------

Information regarding the highest paid director for the year ended 4 April 2018 is as follows:

	2018
	£
Emoluments etc	105,644
Pension contributions to money purchase schemes	<u>7,200</u>

**4. OPERATING PROFIT**

The operating profit is stated after charging:

	2018	2017
	£	£
Depreciation - owned assets	240,497	245,648
Depreciation - assets on hire purchase contracts and finance leases	143,581	112,009
Auditors' remuneration	14,000	14,000
Auditors' remuneration for non audit work	21,675	16,950
Exchange rate gains/(losses)	404	1,394
Rentals under operating leases - plant & machinery	<u>70,200</u>	<u>70,674</u>

**5. INCOME FROM FIXED ASSET INVESTMENTS**

	2018	2017
	£	£
Franked investment income	<u>25</u>	<u>22</u>

**Notes to the Financial Statements - continued**  
**for the Year Ended 4 April 2018**

**6. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2018	2017
	£	£
Bank interest	3,728	-
Bank loan interest	31,260	33,577
Other interest charges	2,044	3,742
Hire purchase	294	-
Leasing	19,033	25,871
	<u>56,359</u>	<u>63,190</u>

**7. TAXATION**

**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	2018	2017
	£	£
Current tax:		
UK corporation tax	32,307	78,007
Deferred tax:		
Movement in timing differences	4,824	(20,933)
Tax on profit	<u>37,131</u>	<u>57,074</u>

**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2018	2017
	£	£
Profit before tax	<u>40,844</u>	<u>271,214</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 20%)	7,760	54,243
Effects of:		
Expenses not deductible for tax purposes	3,213	3,943
Income not taxable for tax purposes	(5)	(4)
Depreciation in excess of capital allowances	21,339	19,868
Reduced tax rate for FY 2017	-	(43)
Deferred tax movements	4,824	(20,933)
Total tax charge	<u>37,131</u>	<u>57,074</u>

**8. DIVIDENDS**

	2018	2017
	£	£
Ordinary Shares shares of £1 each		
Interim	<u>155,600</u>	<u>77,800</u>

**Notes to the Financial Statements - continued**  
**for the Year Ended 4 April 2018**

9. **TANGIBLE FIXED ASSETS**

	Land & buildings £	Leisure complex plant £	Heating installation £	Electrical installation £
<b>COST</b>				
At 5 April 2017	7,268,311	455,746	488,560	399,303
Additions	257,004	-	41,280	1,595
At 4 April 2018	7,525,315	455,746	529,840	400,898
<b>DEPRECIATION</b>				
At 5 April 2017	2,524,825	416,687	388,458	343,025
Charge for year	154,121	6,969	20,255	5,791
At 4 April 2018	2,678,946	423,656	408,713	348,816
<b>NET BOOK VALUE</b>				
At 4 April 2018	4,846,369	32,090	121,127	52,082
At 4 April 2017	4,743,486	39,059	100,102	56,278

	Plant & fittings £	Furnishings £	Motor vehicles £	Crockery, glassware, linen £	Totals £
<b>COST</b>					
At 5 April 2017	2,236,825	1,542,279	15,188	19,699	12,425,911
Additions	42,550	44,705	-	-	387,134
At 4 April 2018	2,279,375	1,586,984	15,188	19,699	12,813,045
<b>DEPRECIATION</b>					
At 5 April 2017	1,562,918	1,199,438	15,187	-	6,450,538
Charge for year	154,290	42,652	-	-	384,078
At 4 April 2018	1,717,208	1,242,090	15,187	-	6,834,616
<b>NET BOOK VALUE</b>					
At 4 April 2018	562,167	344,894	1	19,699	5,978,429
At 4 April 2017	673,907	342,841	1	19,699	5,975,373

All buildings owned by the company are classed as freehold property.

**Notes to the Financial Statements - continued**  
**for the Year Ended 4 April 2018**

**9. TANGIBLE FIXED ASSETS - continued**

Fixed assets, included in the above, which are held under hire purchase contracts and finance leases are as follows:

	Land & buildings £	Leisure complex plant £	Heating installation £
<b>COST</b>			
At 5 April 2017	2,373	6,755	20,088
Additions	-	-	29,024
Transfer to ownership	(2,373)	(6,755)	-
At 4 April 2018	-	-	49,112
<b>DEPRECIATION</b>			
At 5 April 2017	297	3,659	9,808
Charge for year	3,564	3,372	10,044
Transfer to ownership	(3,861)	(7,031)	-
At 4 April 2018	-	-	19,852
<b>NET BOOK VALUE</b>			
At 4 April 2018	-	-	29,260
At 4 April 2017	2,076	3,096	10,280
	Plant & fittings £	Furnishings £	Totals £
<b>COST</b>			
At 5 April 2017	235,450	54,631	319,297
Additions	16,910	35,745	81,679
Transfer to ownership	(74,807)	-	(83,935)
At 4 April 2018	177,553	90,376	317,041
<b>DEPRECIATION</b>			
At 5 April 2017	84,903	10,815	109,482
Charge for year	99,349	27,252	143,581
Transfer to ownership	(74,799)	-	(85,691)
At 4 April 2018	109,453	38,067	167,372
<b>NET BOOK VALUE</b>			
At 4 April 2018	68,100	52,309	149,669
At 4 April 2017	150,547	43,816	209,815

**Notes to the Financial Statements - continued**  
**for the Year Ended 4 April 2018**

**10. FIXED ASSET INVESTMENTS**

	Listed investments £
<b>COST</b>	
At 5 April 2017 and 4 April 2018	<u>414</u>
<b>NET BOOK VALUE</b>	
At 4 April 2018	<u>414</u>
At 4 April 2017	<u>414</u>

**11. STOCKS**

	2018 £	2017 £
Goods for resale	<u>65,740</u>	<u>62,545</u>

**12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2018 £	2017 £
Trade debtors	172,146	182,788
Other debtors	6,259	3,375
Prepayments	<u>67,602</u>	<u>69,075</u>
	<u>246,007</u>	<u>255,238</u>

**13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2018 £	2017 £
Bank loans and overdrafts (see note 15)	516,641	662,224
Other loans (see note 15)	-	2,667
Hire purchase contracts and finance leases (see note 16)	76,649	109,779
Trade creditors	311,914	143,827
Corporation tax	32,307	78,007
Social security and other taxes	41,149	31,861
VAT	197,754	175,434
Leisure complex subscriptions prepaid	10,425	5,882
Deposits	128,298	159,932
Accrued expenses	<u>106,244</u>	<u>85,019</u>
	<u>1,421,381</u>	<u>1,454,632</u>

**14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2018 £	2017 £
Bank loans (see note 15)	1,134,148	1,037,826
Hire purchase contracts and finance leases (see note 16)	<u>59,416</u>	<u>70,116</u>
	<u>1,193,564</u>	<u>1,107,942</u>

**Notes to the Financial Statements - continued**  
**for the Year Ended 4 April 2018**

15. **LOANS**

An analysis of the maturity of loans is given below:

	2018 £	2017 £
Amounts falling due within one year or on demand:		
Bank overdrafts	326,154	428,651
Bank loans	190,487	233,573
Heineken loan	-	2,667
	<u>516,641</u>	<u>664,891</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>176,046</u>	<u>163,029</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>302,269</u>	<u>290,233</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans more than 5 years	<u>655,833</u>	<u>584,564</u>

The company entered into a fifteen year term loan with the Royal Bank of Scotland plc in 2005, interest being levied at base plus 1.75% per annum on an initial advance to £1,300,000. Monthly repayments following restructuring in 2014/15 are £6,362 with the loan due to expire in December 2019.

The loan advanced by the bank of £1,500,000 in 2007 (interest levied at base plus 1.75% p.a, with monthly repayments of £8,402) was repaid in full in December 2017.

In 2015, the bank advanced two further loans to the company. The first of these was a loan of £250,000 repayable over twelve years, with interest being levied at base plus 2.25% and monthly repayments of £2,040, due to expire in May 2026. The second loan advanced in the year amounted to £400,000 repayable over twelve years, with interest being levied at base plus 2.04% and monthly repayments of £3,224, due to expire in February 2027.

In 2016, the bank advanced £500,000 to the company, whilst in the year under review, a loan of £300,000 was advanced. Both loans have interest being levied at base plus 2.25% with monthly repayments of £4,079 and £2,827 respectively. Both loans have committed terms of five years but repayment profiles of 12 years. As there is a mutual expectancy that the loans will extend beyond the committed terms, and that repayments will fall in line with the repayment profiles, the liabilities has been disclosed in the accounts as being repayable over the repayment profile, rather than the committed terms.

All loans with the company's bankers are secured by the existing security held by the bank and disclosed elsewhere in the financial statements.

An unsecured five year loan of £20,000 received in 2013 from Heineken UK (monthly repayments of £333), with conditions attached in relation to the minimum purchase of products from the provider was repaid in full in the year.

**Notes to the Financial Statements - continued**  
**for the Year Ended 4 April 2018**

**16. LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

	Hire purchase contracts		Finance leases	
	2018	2017	2018	2017
	£	£	£	£
Gross obligations repayable:				
Within one year	1,630	-	88,349	130,012
Between one and five years	3,533	-	68,911	84,645
	<u>5,163</u>	<u>-</u>	<u>157,260</u>	<u>214,657</u>
Finance charges repayable:				
Within one year	203	-	13,127	20,233
Between one and five years	439	-	12,589	14,529
	<u>642</u>	<u>-</u>	<u>25,716</u>	<u>34,762</u>
Net obligations repayable:				
Within one year	1,427	-	75,222	109,779
Between one and five years	3,094	-	56,322	70,116
	<u>4,521</u>	<u>-</u>	<u>131,544</u>	<u>179,895</u>
			Non-cancellable operating leases	
			2018	2017
			£	£
Within one year			70,201	71,842
Between one and five years			680	3,400
			<u>70,881</u>	<u>75,242</u>

**17. SECURED DEBTS**

The following secured debts are included within creditors:

	2018	2017
	£	£
Bank overdrafts	326,154	428,651
Bank loans	1,324,635	1,271,399
Hire purchase contracts and finance leases	136,065	179,895
	<u>1,786,854</u>	<u>1,879,945</u>

The Royal Bank of Scotland plc holds a standard security over the Glynhill Hotel, 169 Paisley Road, Renfrew, dated 26/7/79, together with a bond and floating charge over the company's whole assets and undertakings, dated 7/6/72.

Hire purchase and finance lease creditors are secured over the assets to which the finance relates.

**Notes to the Financial Statements - continued**  
**for the Year Ended 4 April 2018**

**18. FINANCIAL INSTRUMENTS**

All financial assets and liabilities are measured at amortised cost, with the exception of the fixed assets investment, measured at fair value at 4 April 2018 of £414 (2017 £414).

**19. PROVISIONS FOR LIABILITIES**

	2018 £	2017 £
Deferred tax		
Accelerated capital allowances	<u>315,124</u>	<u>310,300</u>
		Deferred tax
		£
Balance at 5 April 2017		310,300
Charge to Profit & Loss Account during year		<u>4,824</u>
Balance at 4 April 2018		<u>315,124</u>

**20. CALLED UP SHARE CAPITAL**

Number:	Class:	Nominal value:	2018 £	2017 £
77,800	Ordinary Shares	£1	<u>77,800</u>	<u>77,800</u>

All shares in issue have full rights in relation to voting, dividends and distribution of capital, ranking pari passu.

**21. RESERVES**

	Retained earnings £	Capital redemption reserve £	Totals £
At 5 April 2017	3,406,660	87,200	3,493,860
Profit for the year	3,713		3,713
Dividends	<u>(155,600)</u>		<u>(155,600)</u>
At 4 April 2018	<u>3,254,773</u>	<u>87,200</u>	<u>3,341,973</u>

**22. PENSION COMMITMENTS**

The company operates three pension schemes. The executive pension scheme is a defined contribution scheme containing two employees, while the other two schemes are group personal pensions for other staff - the most recent scheme was set up in the prior year in response to the requirements of auto enrolment.

The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to all funds and amounted to £123,520 in the current year (2017 - £128,208).

Accrued pension contributions of £7,770 (2017 - nil) are included within accrued charges at the financial year end.

**Notes to the Financial Statements - continued**  
**for the Year Ended 4 April 2018**

**23. CAPITAL COMMITMENTS**

There were no specific capital commitments by the company at 4 April 2018 - however, the directors anticipate that the rolling programme of selective capital expenditure will continue in 2018/19.

**24. OTHER FINANCIAL COMMITMENTS**

Subsequent to the year-end but in advance of the finalisation date of these financial statements, the company declared dividends totalling £116,700.

**25. RELATED PARTY DISCLOSURES**

During the year, total dividends of £155,600 (2017 - £77,800) were paid to the directors .

In the year under review, the company made related party sales in the normal course of business of £4,195 (2017 - £1,105) to the Harry Nicholas Charitable Trust. This charitable body is regarded as a related party since some of the charity's trustees are also directors of the company. No related party balance existed in this regard at this or the prior financial year end.

Disclosure of all related party emoluments and pension contributions are disclosed elsewhere in the notes to the financial statements - the directors are considered to be the only employees falling within the definition of related parties contained within FRS 102. There were no other related party transactions with the directors of the company in the year under review.

**26. ULTIMATE CONTROLLING PARTY**

The company is privately owned - Miss M Nicholas & Mr A H Nicholas both own 29,600 shares with the remaining 18,600 shares being owned by Mr R Nicholas - all shareholders are also directors of the company.

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