

**Strategic Report, Report of the Directors and  
Financial Statements for the Year Ended 31 March 2015**  
**for**  
**M F WELLS (HOTELS) LIMITED**

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# **M F WELLS (HOTELS) LIMITED**

## **Company Information for the Year Ended 31 March 2015**

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**Directors:** N Wells  
I Wells  
M Wells

**Secretary:** M Wells

**Registered office:** School Road  
Gartocharn  
Alexandria  
Dunbartonshire  
G83 8RW

**Registered number:** SC090154 (Scotland)

**Auditors:** James Anderson & Co  
Chartered Accountants  
Pentland Estate  
Straiton  
Edinburgh  
EH20 9QH

## **M F WELLS (HOTELS) LIMITED**

### **Strategic Report for the Year Ended 31 March 2015**

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The directors present their strategic report for the year ended 31 March 2015.

#### **Review of business**

The principal activity of the company during the year continued to be that of proprietor of hotels and tour operator. The company arranges coach tours based around its hotels in Scotland.

#### **Financial key performance indicators**

Financial performance during the year can be analysed as follows:

<b>Financial performance</b>	<b>31 March 2015</b>	<b>31 March 2014</b>
Turnover (£000)	22,213	21,764
Net profit (£000)	1,893	1,277
Sales growth (%)	2.1	5.8

#### **Turnover**

The company enjoyed a further year of growth, with turnover reaching £22.2m, (2014 - £21.8m), a positive result given the competitive nature of the market in which the company operates.

#### **Operating costs**

Overheads were broadly at the same level as the previous year, and the company benefited from the sale of two surplus houses during the year which generated a gain of £250k. These factors contributed to an increase in the net profit for the year to £1.9m (2014 - £1.3m).

#### **Financing**

The company has no external funding.

#### **Principal risks and uncertainties**

The company faces a number of risks and uncertainties. In response to this the directors have implemented a risk management system to monitor and mitigate these risks.

General economic conditions throughout the year continued to be difficult and the increased turnover in the year reflects the value of the holidays provided. Costs are carefully monitored to ensure supplier inflation is minimised.

#### **Future developments**

The directors anticipate the business environment will remain competitive and the company will continue with the upgrading of its earlier properties. The company is in a strong financial position and the directors remain confident that the company can maintain its financial performance.

## **M F WELLS (HOTELS) LIMITED**

### **Strategic Report for the Year Ended 31 March 2015**

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#### **Financial instruments**

The company has a normal exposure to price, credit, liquidity and cash flow risks arising from trading activities which are only conducted in sterling. The company does not enter into any hedging transactions.

**On behalf of the board:**

A handwritten signature in black ink, appearing to be 'N Wells', written in a cursive style.

N Wells - Director

17 November 2015

## **M F WELLS (HOTELS) LIMITED**

### **Report of the Directors for the Year Ended 31 March 2015**

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The directors present their report with the financial statements of the company for the year ended 31 March 2015.

#### **Dividends**

Particulars of dividends paid to the parent company are detailed in note 7 to the financial statements.

#### **Directors**

The directors shown below have held office during the whole of the period from 1 April 2014 to the date of this report.

N Wells  
I Wells  
M Wells

#### **Political donations and expenditure**

In response to the uncertainty surrounding the Scottish independence referendum, a contribution was made during the year to the Better Together campaign totalling £7,499.

#### **Disabled Employees**

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

#### **Employee Involvement**

It is the company's policy to keep employees informed on matters affecting them as employees and to make them aware of the factors influencing the company's performance. This is done through announcement and staff briefings.

#### **Disclosure in the strategic report**

The company has chosen in accordance with s414C(11) Companies Act 2006 to set out in the company's strategic report information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the directors' report. It has done so in respect of future developments and financial instruments.

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#### **Statement of directors' responsibilities**

The directors are responsible for preparing 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). 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.

## **M F WELLS (HOTELS) LIMITED**

### **Report of the Directors for the Year Ended 31 March 2015**

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#### **Statement of directors' responsibilities - continued**

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 ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

#### **Auditors**

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

#### **On behalf of the board:**



N Wells - Director

17 November 2015

## **Report of the Independent Auditors to the Members of M F Wells (Hotels) Limited**

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We have audited the financial statements of M F Wells (Hotels) Limited for the year ended 31 March 2015 on pages eight to eighteen. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

### **Respective responsibilities of directors and auditors**

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

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2015 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.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion 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.

**Report of the Independent Auditors to the Members of  
M F Wells (Hotels) Limited**

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

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

- adequate accounting records have not been kept, 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.

*James Anderson & Co.*

Christopher Spalding (Senior Statutory Auditor)  
for and on behalf of James Anderson & Co  
Chartered Accountants  
Pentland Estate  
Straiton  
Edinburgh  
EH20 9QH

25 November 2015



**M F WELLS (HOTELS) LIMITED****Profit and Loss Account  
for the Year Ended 31 March 2015**

	Notes	2015 £	2014 £
Turnover	2	22,213,355	21,764,423
Cost of sales		(17,506,740)	(17,449,754)
<b>Gross profit</b>		4,706,615	4,314,669
Administrative expenses		(2,807,280)	(3,031,420)
<b>Operating profit</b>	4	1,899,335	1,283,249
Interest receivable and similar income		-	45
		1,899,335	1,283,294
Interest payable and similar charges	5	(6,123)	(6,729)
<b>Profit on ordinary activities before taxation</b>		1,893,212	1,276,565
Tax on profit on ordinary activities	6	(378,182)	(365,387)
<b>Profit for the financial year</b>		1,515,030	911,178

**Continuing operations**

None of the company's activities were acquired or discontinued during the current year or previous year.

**Total recognised gains and losses**

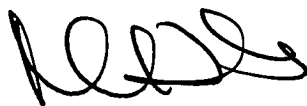
The company has no recognised gains or losses other than the profits for the current year or previous year.

**M F WELLS (HOTELS) LIMITED (REGISTERED NUMBER: SC090154)**

**Balance Sheet  
31 March 2015**

	Notes	2015 £	2014 £
<b>Fixed assets</b>			
Tangible assets	8	27,111,627	27,992,970
<b>Current assets</b>			
Stocks	9	96,600	84,892
Debtors	10	399,528	580,750
Cash at bank		2,067,071	161,043
		<u>2,563,199</u>	<u>826,685</u>
<b>Creditors</b>			
Amounts falling due within one year	11	(4,460,405)	(4,223,098)
<b>Net current liabilities</b>		<u>(1,897,206)</u>	<u>(3,396,413)</u>
<b>Total assets less current liabilities</b>		25,214,421	24,596,557
<b>Creditors</b>			
Amounts falling due after more than one year	12	(392,269)	(402,269)
<b>Provisions for liabilities</b>	13	(202,892)	(217,898)
<b>Net assets</b>		<u>24,619,260</u>	<u>23,976,390</u>
<b>Capital and reserves</b>			
Called up share capital	14	50,000	50,000
Profit and loss account	15	24,569,260	23,926,390
<b>Shareholders' funds</b>	18	<u>24,619,260</u>	<u>23,976,390</u>

The financial statements were approved by the Board of Directors on 17 November 2015 and were signed on its behalf by:



N Wells - Director

The notes form part of these financial statements

**M F WELLS (HOTELS) LIMITED**

**Cash Flow Statement  
for the Year Ended 31 March 2015**

	Notes	2015 £	2014 £
<b>Net cash inflow from operating activities</b>	1	2,892,735	2,390,431
<b>Returns on investments and servicing of finance</b>	2	(6,123)	(6,684)
<b>Taxation</b>		(398,000)	(309,815)
<b>Capital expenditure</b>	2	289,576	(229,160)
<b>Equity dividend paid to parent</b>		(872,160)	(521,548)
		<u>1,906,028</u>	<u>1,323,224</u>
<b>Financing</b>	2	-	(500,000)
<b>Increase in cash in the period</b>		<u>1,906,028</u>	<u>823,224</u>
<b>Reconciliation of net cash flow to movement in net debt</b>	3		
Increase in cash in the period		1,906,028	823,224
Cash outflow from decrease in debt		<u>10,000</u>	<u>510,000</u>
Change in net debt resulting from cash flows		<u>1,916,028</u>	<u>1,333,224</u>
<b>Movement in net debt in the period</b>		1,916,028	1,333,224
<b>Net debt at 1 April</b>		<u>(241,226)</u>	<u>(1,574,450)</u>
<b>Net funds/(debt) at 31 March</b>		<u>1,674,802</u>	<u>(241,226)</u>

The notes form part of these financial statements

**M F WELLS (HOTELS) LIMITED****Notes to the Cash Flow Statement  
for the Year Ended 31 March 2015****1. Reconciliation of operating profit to net cash inflow from operating activities**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Operating profit	1,899,335	1,283,249
Depreciation charges	842,118	918,620
Profit on disposal of fixed assets	(250,351)	-
(Increase)/decrease in stocks	(11,708)	1,423
Decrease/(increase) in debtors	181,222	(104,403)
Increase in creditors	232,119	291,542
<b>Net cash inflow from operating activities</b>	<b>2,892,735</b>	<b>2,390,431</b>

**2. Analysis of cash flows for headings netted in the cash flow statement**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
<b>Returns on investments and servicing of finance</b>		
Interest received	-	45
Interest paid	(6,123)	(6,729)
<b>Net cash outflow for returns on investments and servicing of finance</b>	<b>(6,123)</b>	<b>(6,684)</b>
<b>Capital expenditure</b>		
Purchase of tangible fixed assets	(290,740)	(264,165)
Sale of tangible fixed assets	580,316	35,005
<b>Net cash inflow/(outflow) for capital expenditure</b>	<b>289,576</b>	<b>(229,160)</b>
<b>Financing</b>		
Loan repayments in year	-	(500,000)
<b>Net cash outflow from financing</b>	<b>-</b>	<b>(500,000)</b>

The notes form part of these financial statements

**M F WELLS (HOTELS) LIMITED****Notes to the Cash Flow Statement  
for the Year Ended 31 March 2015****3. Analysis of changes in net debt**

	<b>At 1/4/14 £</b>	<b>Cash flow £</b>	<b>At 31/3/15 £</b>
Net cash:			
Cash at bank	161,043	1,906,028	2,067,071
	<u>161,043</u>	<u>1,906,028</u>	<u>2,067,071</u>
Debt:			
Debts falling due after one year	(402,269)	10,000	(392,269)
	<u>(402,269)</u>	<u>10,000</u>	<u>(392,269)</u>
Total	<u>(241,226)</u>	<u>1,916,028</u>	<u>1,674,802</u>

The notes form part of these financial statements

## **M F WELLS (HOTELS) LIMITED**

### **Notes to the Financial Statements for the Year Ended 31 March 2015**

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#### **1. Accounting policies**

##### **Accounting convention**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

##### **Turnover**

Turnover represents net invoiced sales of goods, excluding value added tax.

##### **Tangible fixed assets**

All fixed assets are initially recorded at cost. Expenditure on hotels is capitalised if it provides new or enhanced revenue streams.

##### **Stocks**

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

##### **Deferred tax**

The charge for taxation takes into account taxation deferred as a result of timing differences between the treatment of certain items for taxation and accounting purposes. In general, deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. However, deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred taxation is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

##### **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.

##### **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 the profit and loss account in the period to which they relate.

##### **Government grants**

Grants receivable in respect of tangible fixed assets are treated as deferred credit and are released to the profit and loss account over the estimated useful life of the assets.

##### **Depreciation**

Depreciation is calculated to write off the cost of tangible fixed assets less their estimated residual value over their estimated useful lives on the undernoted basis:

Hotel properties 50 years  
Motor vehicles 25% reducing balance  
Motor launches 20% reducing balance  
Fixtures & equipment 15% reducing balance

## M F WELLS (HOTELS) LIMITED

### Notes to the Financial Statements - continued for the Year Ended 31 March 2015

#### 2. Turnover

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

#### 3. Staff costs

	2015 £	2014 £
Wages and salaries	3,858,515	3,910,403
Social security costs	252,927	238,663
Other pension costs	42,775	38,406
	<u>4,154,217</u>	<u>4,187,472</u>

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

	2015	2014
Hotel staff	229	231
Administration	18	18
Resident managers	12	12
Working directors	2	2
	<u>261</u>	<u>263</u>

#### 4. Operating profit

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

	2015 £	2014 £
Depreciation - owned assets	842,118	918,620
Profit on disposal of fixed assets	(250,351)	-
Auditors' remuneration	10,000	10,000
	<u>86,047</u>	<u>80,215</u>

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

Money purchase schemes	<u>2</u>	<u>2</u>
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#### 5. Interest payable and similar charges

	2015 £	2014 £
Bank interest	1,091	6,729
Other interest	5,032	-
	<u>6,123</u>	<u>6,729</u>

## M F WELLS (HOTELS) LIMITED

### Notes to the Financial Statements - continued for the Year Ended 31 March 2015

#### 6. Taxation

##### Analysis of the tax charge

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

	2015 £	2014 £
Current tax:		
UK corporation tax	393,188	340,240
Deferred tax	(15,006)	25,147
Tax on profit on ordinary activities	<u>378,182</u>	<u>365,387</u>

##### Factors affecting the tax charge

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

	2015 £	2014 £
Profit on ordinary activities before tax	<u>1,893,212</u>	<u>1,276,565</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21% (2014 - 23%)	397,575	293,610
Effects of:		
Expenses not deductible for tax purposes	12,832	(1,583)
Capital allowances in excess of depreciation	(17,219)	-
Depreciation in excess of capital allowances	-	48,213
Current tax charge	<u>393,188</u>	<u>340,240</u>

#### 7. Dividends paid to parent company

	2015 £	2014 £
Ordinary shares of £1 each Paid to parent company	<u>872,160</u>	<u>521,548</u>



# M F WELLS (HOTELS) LIMITED

## Notes to the Financial Statements - continued for the Year Ended 31 March 2015

### 8. Tangible fixed assets

	Freehold property £	Fixtures & equipment £	Motor vehicles £	Totals £
<b>Cost</b>				
At 1 April 2014	26,628,124	6,974,268	286,672	33,889,064
Additions	9,000	194,022	87,718	290,740
Disposals	(305,875)	-	(76,650)	(382,525)
At 31 March 2015	26,331,249	7,168,290	297,740	33,797,279
<b>Depreciation</b>				
At 1 April 2014	2,624,871	3,128,615	142,608	5,896,094
Charge for year	184,539	605,482	52,097	842,118
Written back on disposals	-	-	(52,560)	(52,560)
At 31 March 2015	2,809,410	3,734,097	142,145	6,685,652
<b>Net book value</b>				
At 31 March 2015	23,521,839	3,434,193	155,595	27,111,627
At 31 March 2014	24,003,253	3,845,653	144,064	27,992,970

### 9. Stocks

	2015 £	2014 £
Bar and catering stock	96,600	84,892

### 10. Debtors: amounts falling due within one year

	2015 £	2014 £
Trade debtors	60,321	74,865
Amounts owed by group undertakings	68,686	136,227
Other debtors	35,620	158,411
Prepayments	234,901	211,247
	399,528	580,750

### 11. Creditors: amounts falling due within one year

	2015 £	2014 £
Trade creditors	685,337	366,886
Corporation tax	134,945	139,757
Taxation and social security	141,053	431,465
Accruals	169,773	71,436
Deferred income	3,329,297	3,213,554
	4,460,405	4,223,098

# M F WELLS (HOTELS) LIMITED

## Notes to the Financial Statements - continued for the Year Ended 31 March 2015

### 12. Creditors: amounts falling due after more than one year

	2015 £	2014 £
Other creditors	336,679	346,679
Directors' loan accounts	55,590	55,590
	<u>392,269</u>	<u>402,269</u>

### 13. Provisions for liabilities

	2015 £	2014 £
Deferred tax	<u>202,892</u>	<u>217,898</u>
		<b>Deferred tax</b>
		£
Balance at 1 April 2014		217,898
Credit to Profit and Loss Account during year		<u>(15,006)</u>
Balance at 31 March 2015		<u>202,892</u>

Deferred taxation is fully provided at the current rate of corporation tax on the excess of the net book value of those assets qualifying for taxation allowance over their written down values for taxation purposes.

### 14. Called up share capital

#### Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2015 £	2014 £
50,000	Ordinary	£1	<u>50,000</u>	<u>50,000</u>

### 15. Reserves

	<b>Profit and loss account</b> £
At 1 April 2014	23,926,390
Profit for the year	1,515,030
Dividends paid to parent company	<u>(872,160)</u>
At 31 March 2015	<u>24,569,260</u>

## M F WELLS (HOTELS) LIMITED

### Notes to the Financial Statements - continued for the Year Ended 31 March 2015

#### 16. Related party disclosures

As permitted by FRS 8 transactions between group companies have not been disclosed.

The following related party transactions took place during the year:

Lochs and Glens (Transport) Limited - a company in which directors N Wells, I Wells and their respective wives each own 25% of the issued share capital:

	2015 £	2014 £
Management charge raised	2,620,000	2,220,000
Tour transport purchased	7,576,634	7,234,166
Debit balance at 31 March	35,620	158,411

**M Wells**  
Director

	2015 £	2014 £
Amount due to related party at the balance sheet date	<u>55,590</u>	<u>55,590</u>

#### 17. Ultimate controlling party

The controlling party is Wells Hotels Limited.

Directors N Wells and I Wells each own 50% of the share capital of Wells Hotels Limited.

#### 18. Reconciliation of movements in shareholders' funds

	2015 £	2014 £
Profit for the financial year	1,515,030	911,178
Dividends paid to parent company	(872,160)	(521,548)
<b>Net addition to shareholders' funds</b>	<u>642,870</u>	<u>389,630</u>
Opening shareholders' funds	23,976,390	23,586,760
<b>Closing shareholders' funds</b>	<u>24,619,260</u>	<u>23,976,390</u>

#### 19. Pension scheme

The group operates a money purchased (defined contribution) pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents a contribution payable by the group to the fund and amounted to £52,775 (2014 - £48,406).