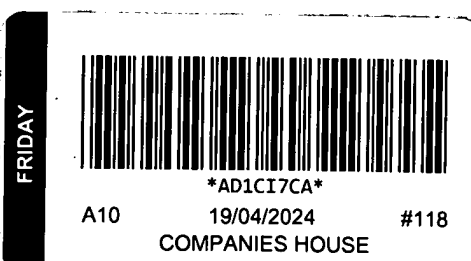


**Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 31 March 2023**
for
M F WELLS (HOTELS) LIMITED



M F WELLS (HOTELS) LIMITED

**Contents of the Financial Statements
for the Year Ended 31 March 2023**

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M F WELLS (HOTELS) LIMITED

**Company Information
for the Year Ended 31 March 2023**

Directors: N Wells
I Wells
M Wells

Secretary: M Wells

Registered office: School Road
Gartocham
Alexandria
Dunbartonshire
G83 8RW

Registered number: SC090154 (Scotland)

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

M F WELLS (HOTELS) LIMITED

Strategic Report for the Year Ended 31 March 2023

The directors present their strategic report for the year ended 31 March 2023.

Review of business

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

Financial key performance indicators

Financial performance during the year can be analysed as follows:

Financial performance	31 March 2023	31 March 2022
Turnover (£000)	20,859	13,208
Profit/(Loss) before tax (£000)	207	(418)
Net cash (£000)	3,498	3,446

Turnover has increased, partly due to the hotels being open for a full year and partly due to customer confidence slowly returning after the Covid-19 pandemic. As a result the company has returned to profit and remains in a strong financial position, with no external debt and net assets of £24.4m at the reporting date.

Furthermore, as a business with no debt obligations, a key measurement used is Net Cash, being the bank balances and liquid investments less advance bookings. In this respect, Net Cash remained strong during the financial year as the business continued its return to more substantial trading.

Principal risks and uncertainties

The uncertainty within the labour market and the inflationary pressures within the economy present a challenge. General global economic conditions remain uncertain with rising costs for utilities, food, labour and transport.

In all these areas, the company continues to take early, prudent, and decisive action to mitigate operational and financial risk.

Future developments

The company is focussed on bringing profitability back up to pre pandemic levels once the impacts of high inflation have eased.

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.

The company continues to hold significant levels of cash at bank. Funds are placed on short term deposit with more than one bank in order to diversify risk and secure a sufficient return whilst preserving liquidity. Interest rate movements may affect the level of income receivable.

On behalf of the board:

Neil Wells

N Wells - Director

18 April 2024

M F WELLS (HOTELS) LIMITED

Report of the Directors for the Year Ended 31 March 2023

The directors present their report with the financial statements of the company for the year ended 31 March 2023.

Dividends

The dividends paid to the parent company during the year are detailed in note 10 to the financial statements.

Directors

The directors shown below have held office during the whole of the period from 1 April 2022 to the date of this report.

N Wells
I Wells
M Wells

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.

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). 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 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.

On behalf of the board:

Neil Wells

N Wells - Director

18 April 2024

Opinion

We have audited the financial statements of M F Wells (Hotels) Limited (the 'company') for the year ended 31 March 2023 which comprise the Statement of Comprehensive Income, 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 31 March 2023 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 this gives rise to a material misstatement in the financial statements themselves. 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 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.

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 three, 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.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operate in and how the company are complying with the legal and regulatory framework;
- inquired of management about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006, health and safety, data security and tax compliance regulations. We performed audit procedures to detect non-compliance which may have a material impact on the financial statements which included reviewing financial statement disclosures, and inspecting correspondence with insurers and tax authorities.

The audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included, but were not limited to, testing the operation of controls, testing manual journal entries and other adjustments, reviewing significant or substantial transactions and challenging judgments and estimates applied in the valuation of hotel and investment properties.

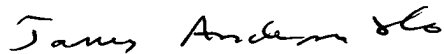
Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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. This description forms part of our Report of the Auditors.

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

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.



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

18 April 2024

M F WELLS (HOTELS) LIMITED

**Statement of Comprehensive Income
for the Year Ended 31 March 2023**

	Notes	2023 £	2022 £
Turnover	3	20,859,062	13,208,238
Cost of sales		19,969,720	13,309,071
Gross profit/(loss)		889,342	(100,833)
Administrative expenses		2,466,325	1,936,616
		(1,576,983)	(2,037,449)
Other operating income	4	1,784,408	1,619,050
Operating profit/(loss)	6	207,425	(418,399)
Interest receivable and similar income	7	2,360	-
		209,785	(418,399)
Interest payable and similar expenses	8	2,900	-
Profit/(loss) before taxation		206,885	(418,399)
Tax on profit/(loss)	9	121,907	(64,812)
Profit/(loss) for the financial year		84,978	(353,587)
Other comprehensive income		-	-
Total comprehensive income for the year		84,978	(353,587)

The notes form part of these financial statements

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

Balance Sheet
31 March 2023

	Notes	2023 £	2022 £
Fixed assets			
Tangible assets	11	21,142,601	21,476,382
Investment property	12	203,598	203,598
		<u>21,346,199</u>	<u>21,679,980</u>
Current assets			
Stocks	13	71,029	70,943
Debtors	14	1,259,381	832,970
Investments	15	4,034,936	4,193,544
Cash at bank and in hand		3,355,908	3,083,087
		<u>8,721,254</u>	<u>8,180,544</u>
Creditors			
Amounts falling due within one year	16	(5,463,428)	(5,306,420)
Net current assets		<u>3,257,826</u>	<u>2,874,124</u>
Total assets less current liabilities		<u>24,604,025</u>	<u>24,554,104</u>
Provisions for liabilities	18	(170,424)	(85,481)
Net assets		<u>24,433,601</u>	<u>24,468,623</u>
Capital and reserves			
Called up share capital	19	50,000	50,000
Retained earnings	20	24,383,601	24,418,623
Shareholders' funds		<u>24,433,601</u>	<u>24,468,623</u>

The financial statements were approved by the Board of Directors and authorised for issue on 18 April 2024 and were signed on its behalf by:

Neil Wells

N Wells - Director

M F WELLS (HOTELS) LIMITED**Statement of Changes in Equity
for the Year Ended 31 March 2023**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 April 2021	50,000	24,785,340	24,835,340
Changes in equity			
Dividends paid to parent company	-	(13,130)	(13,130)
Total comprehensive income	-	(353,587)	(353,587)
Balance at 31 March 2022	<u>50,000</u>	<u>24,418,623</u>	<u>24,468,623</u>
Changes in equity			
Dividends paid to parent company	-	(120,000)	(120,000)
Total comprehensive income	-	84,978	84,978
Balance at 31 March 2023	<u>50,000</u>	<u>24,383,601</u>	<u>24,433,601</u>

The notes form part of these financial statements

M F WELLS (HOTELS) LIMITED
**Cash Flow Statement
for the Year Ended 31 March 2023**

	Notes	2023 £	2022 £
Cash flows from operating activities			
Cash generated from operations	1	513,509	5,384,689
Interest paid		(2,900)	-
Tax paid		(299,060)	1
Taxation refund		176,422	55,528
Net cash from operating activities		<u>387,971</u>	<u>5,440,218</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(183,311)	(73,319)
Sale of tangible fixed assets		74,579	-
Purchases of investments		-	(4,000,000)
Interest received		2,360	-
Net cash from investing activities		<u>(106,372)</u>	<u>(4,073,319)</u>
Cash flows from financing activities			
Loan from group company		113,160	-
Amount introduced by directors		200	-
Amount withdrawn by directors		(2,138)	(8,808)
Equity dividend paid to parent		(120,000)	(13,130)
Net cash from financing activities		<u>(8,778)</u>	<u>(21,938)</u>
Increase in cash and cash equivalents		<u>272,821</u>	<u>1,344,961</u>
Cash and cash equivalents at beginning of year	2	3,083,087	1,738,126
Cash and cash equivalents at end of year	2	<u><u>3,355,908</u></u>	<u><u>3,083,087</u></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 2023

1. Reconciliation of profit/(loss) before taxation to cash generated from operations

	2023	2022
	£	£
Profit/(loss) before taxation	206,885	(418,399)
Depreciation charges	463,025	517,431
Profit on disposal of fixed assets	(20,512)	-
Loss (gain) on revaluation of investment	158,608	(193,544)
Finance costs	2,900	-
Finance income	(2,360)	-
	<u>808,546</u>	<u>(94,512)</u>
Increase in stocks	(86)	(70,943)
(Increase)/decrease in trade and other debtors	(337,026)	2,054,072
Increase in trade and other creditors	42,075	3,496,072
	<u>513,509</u>	<u>5,384,689</u>
Cash generated from operations	<u>513,509</u>	<u>5,384,689</u>

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 31 March 2023

	31/3/23	1/4/22
	£	£
Cash and cash equivalents	<u>3,355,908</u>	<u>3,083,087</u>

Year ended 31 March 2022

	31/3/22	1/4/21
	£	£
Cash and cash equivalents	<u>3,083,087</u>	<u>1,738,126</u>

3. Analysis of changes in net funds

	At 1/4/22	Cash flow	At 31/3/23
	£	£	£
Net cash			
Cash at bank and in hand	<u>3,083,087</u>	<u>272,821</u>	<u>3,355,908</u>
	<u>3,083,087</u>	<u>272,821</u>	<u>3,355,908</u>
Liquid resources			
Current asset investments	<u>4,193,544</u>	<u>(158,608)</u>	<u>4,034,936</u>
	<u>4,193,544</u>	<u>(158,608)</u>	<u>4,034,936</u>
Total	<u>7,276,631</u>	<u>114,213</u>	<u>7,390,844</u>

M F WELLS (HOTELS) LIMITED

Notes to the Financial Statements for the Year Ended 31 March 2023

1. Statutory information

M F Wells (Hotels) 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

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include investments and certain financial instruments at fair value. The financial statements are presented in sterling which is the functional currency of the company and rounded to the nearest £.

Significant judgements and estimates

In the application of the company's accounting policies, which are described below, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The directors have reviewed the asset lives and associated residual values of all fixed assets, and in particular the useful economic lives and residual values, and have concluded that assets lives and residual values are appropriate.

Turnover

Turnover is measured at the fair value of the consideration received or receivable excluding discounts, rebates, value added tax.

Turnover principally represents sales of tour holidays, which includes accommodation, coach tours, food and beverages, to customers. Sales are recognised as the services are provided and related costs of holidays are charged to the profit and loss account on the same basis. All revenue received relating to holidays departing after the year end is treated as deferred income at the balance sheet date and is separately disclosed within creditors.

Interest income is recognised using the effective interest method and dividend income is recognised as the company's right to receive payment is established.

Tangible fixed assets and depreciation

All fixed assets are initially recorded at cost. Expenditure is capitalised as a fixed asset where it represents either a new asset or an enhancement to an existing asset.

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:

Land - not depreciated
Hotel properties 50 years
Motor vehicles 25% reducing balance
Fixtures & equipment 15% reducing balance

Impairment

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset, or the asset's cash generating unit, is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in profit or loss unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

2. **Accounting policies - continued**

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met, and the grants will be received.

Government grants are recognised in accordance with the accruals model. Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred, it is recognised as deferred income rather than being deducted from the asset's carrying amount.

Investment property

Investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in fair value is recognised in profit or loss.

Stocks

Stocks are stated at the lower of cost and estimated selling price. Cost includes all costs of purchase and other costs incurred in bringing stock to its present location and condition. Cost is calculated using the first-in, first-out formula. Provision is made for damaged, obsolete and slow-moving stock where appropriate.

Debtors and creditors receivable/payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

Bank and cash

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Taxation

Current taxation represents the amount of taxation payable or receivable in respect of the taxable profit (or loss) for the current or past reporting periods. It is measured at the amount expected to be paid or recovered using the taxation rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation represents the future taxation consequences of transactions and events recognised in the financial statements of current and previous periods. It is recognised in respect of all timing differences, with certain exceptions. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expense in tax assessments in periods different from those in which they are recognised in the financial statements. Unrelieved taxation losses and other deferred taxation assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred taxation liabilities or other future taxable profits.

Deferred taxation is measured using the taxation rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of timing differences.

Pension costs and other post-retirement benefits

The company operates two money purchase (defined contribution) pension schemes. Contributions are charged against profits on the amounts payable for the year.

Operating leases

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Investments

Current asset investments are initially recognised at cost and then measured at their fair value at the balance sheet date. The Income Statement includes net gains and losses arising from revaluations and disposals during the year.

3. **Turnover**

The total turnover of the company for the year £20,859,064 (2022: £13,208,238) has been derived from the rendering of services through its principal activity of hotels and tours undertaken wholly in the United Kingdom.

M F WELLS (HOTELS) LIMITED

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2023**

4. Other operating income

	2023	2022
	£	£
Management charge	1,513,908	1,200,000
Government grants	270,500	419,050
	<u>1,784,408</u>	<u>1,619,050</u>

5. Employees and directors

	2023	2022
	£	£
Wages and salaries	5,360,262	3,818,297
Social security costs	485,047	317,340
Other pension costs	259,561	509,607
	<u>6,104,870</u>	<u>4,645,244</u>

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

	2023	2022
Hotel staff	194	136
Administration	26	25
Resident managers	5	5
Working directors	2	2
	<u>227</u>	<u>168</u>

The total directors' remuneration during the year was £197,231 (2022: £174,873). Pension contributions of £80,000 (2022: £160,000) were made to money purchase schemes in respect of 2 (2022: 2) directors.

6. Operating profit/(loss)

The operating profit (2022 - operating loss) is stated after charging/(crediting):

	2023	2022
	£	£
Depreciation - owned assets	463,025	517,431
Profit on disposal of fixed assets	(20,512)	-
Auditors' remuneration	13,100	13,000
Government grants	(270,500)	(419,050)
Loss (Gain) on revaluation of investments	158,608	(193,544)
	<u>158,608</u>	<u>(193,544)</u>

7. Interest receivable and similar income

	2023	2022
	£	£
Interest received	<u>2,360</u>	<u>-</u>

8. Interest payable and similar expenses

	2023	2022
	£	£
Other interest	<u>2,900</u>	<u>-</u>

M F WELLS (HOTELS) LIMITED

Notes to the Financial Statements - continued for the Year Ended 31 March 2023

9. Taxation

Analysis of the tax charge/(credit)

The tax charge/(credit) on the profit for the year was as follows:

	2023 £	2022 £
Current tax:		
UK corporation tax	36,964	-
Deferred tax	84,943	(64,812)
Tax on profit/(loss)	<u>121,907</u>	<u>(64,812)</u>

Reconciliation of total tax charge/(credit) 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:

	2023 £	2022 £
Profit/(loss) before tax	<u>206,885</u>	<u>(418,399)</u>
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19% (2022 - 19%)	39,308	(79,496)
Effects of:		
Expenses not deductible for tax purposes	65,618	35,121
Income not taxable for tax purposes	-	(36,773)
Change in tax rate	20,387	20,515
Timing differences	(3,406)	(4,179)
Total tax charge/(credit)	<u>121,907</u>	<u>(64,812)</u>

10. Dividends paid to parent company

	2023 £	2022 £
Ordinary shares of £1 each		
Paid to parent company	<u>120,000</u>	<u>13,130</u>

11. Tangible fixed assets

	Freehold property £	Fixtures & equipment £	Motor vehicles £	Totals £
Cost				
At 1 April 2022	24,343,401	7,979,155	430,569	32,753,125
Additions	-	59,758	123,553	183,311
Disposals	-	-	(138,896)	(138,896)
At 31 March 2023	<u>24,343,401</u>	<u>8,038,913</u>	<u>415,226</u>	<u>32,797,540</u>
Depreciation				
At 1 April 2022	4,597,269	6,422,567	256,907	11,276,743
Charge for year	184,849	242,452	35,724	463,025
Written back on disposals	-	-	(84,829)	(84,829)
At 31 March 2023	<u>4,782,118</u>	<u>6,665,019</u>	<u>207,802</u>	<u>11,654,939</u>
Net book value				
At 31 March 2023	<u>19,561,283</u>	<u>1,373,894</u>	<u>207,424</u>	<u>21,142,601</u>
At 31 March 2022	<u>19,746,132</u>	<u>1,556,588</u>	<u>173,662</u>	<u>21,476,382</u>

M F WELLS (HOTELS) LIMITED

Notes to the Financial Statements - continued for the Year Ended 31 March 2023

12. Investment property

The investment property was purchased in August 2018 at a cost of £203,598. The directors have considered the local market and in their opinion its value has not changed. They have not considered it necessary to obtain a valuation from an independent professionally qualified valuer.

13. Stocks

	2023 £	2022 £
Bar and catering stock	71,029	70,943

14. Debtors

	2023 £	2022 £
Amounts falling due within one year:		
Other debtors	451,189	391,356
Corporation tax	266,629	177,244
Prepayments	256,720	264,370
	974,538	832,970

Amounts falling due after more than one year:
Other debtors

284,843	-
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Aggregate amounts

1,259,381	832,970
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15. Current asset investments

	2023 £	2022 £
Listed investments	4,034,936	4,193,544

Market value of listed investments at 31 March 2023 - £4,034,936 (2022 - £4,193,544).

16. Creditors: amounts falling due within one year

	2023 £	2022 £
Trade creditors	360,725	379,595
Lochs and Glens (Transport) Limited	590,655	441,339
Amounts owed to group undertakings	113,160	-
Corporation tax	3,711	-
Taxation and social security	112,868	89,640
Director's loan account	200	2,138
Accruals	389,739	645,580
Deferred income	3,892,370	3,748,128
	5,463,428	5,306,420

The director's loan is unsecured, interest free and carries no schedule of repayment.

17. Leasing agreements

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2023 £	2022 £
Within one year	21,739	21,739
Between one and five years	45,292	67,030
In more than five years	15	16
	67,046	88,785

M F WELLS (HOTELS) LIMITED

Notes to the Financial Statements - continued for the Year Ended 31 March 2023

17. Leasing agreements - continued

The hire purchase contracts are secured over the assets concerned.

18. Provisions for liabilities

	2023 £	2022 £
Deferred tax	170,424	85,481
		Deferred tax £
Balance at 1 April 2022		85,481
Charge to Statement of Comprehensive Income during year		84,943
Balance at 31 March 2023		170,424

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.

19. Called up share capital

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2023 £	2022 £
50,000	Ordinary	£1	50,000	50,000

20. Reserves

	Retained earnings £
At 1 April 2022	24,418,623
Profit for the year	84,978
Dividends paid to parent company	(120,000)
At 31 March 2023	24,383,601

Retained earnings represent cumulative profits and losses net of dividends and other adjustments together with fair value gains and losses on investments.

21. Related party disclosures

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions within the group as these are eliminated on consolidation.

The following related party transactions took place during the year with Lochs and Glens (Transport) Limited, a company under common control:

	2023 £	2022 £
Management charge raised	1,513,908	1,200,000
Tour transport purchased	7,913,908	5,245,748
Credit balance at 31 March	(590,655)	(441,339)

Key management personnel remuneration in the year totalled £855,654 (2022: £689,466).

During the year the company advanced a secured loan of £294,000 to a member of key management which is repayable by monthly instalments with the balance due by 8 March 2026. Interest is charged on the loan at the official rate. The balance outstanding at the year end was £294,000.

M F WELLS (HOTELS) LIMITED

Notes to the Financial Statements - continued for the Year Ended 31 March 2023

22. Ultimate controlling party

The controlling party is Wells Hotels Limited, a company registered in Scotland SC333116. Its registered office is School Road, Gartocharn, G83 8RW and its financial statements are publicly available at Companies House.

The ultimate controlling parties are N Wells and I Wells who each own 50% of the voting share capital of Wells Hotels Limited.

23. Pension scheme

The company operates two money purchase (defined contribution) pension schemes. 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 the schemes and amounted to £259,561 (2022: £509,607).