

# **Gleneagles Hotels Limited**

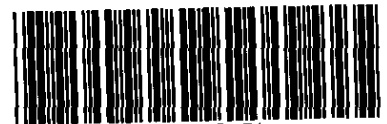
## **Annual Report**

**For the 6 month period ended  
31 December 2016**

Registered number: SC097000



TUESDAY



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COMPANIES HOUSE

## **Contents**

Strategic Report	1
Directors' report	3
Statement of directors' responsibilities in respect of the annual report and the financial statements	5
Independent auditor's report to the members of Gleneagles Hotels Limited	6
Profit and Loss Account and Other Comprehensive Income	7
Balance Sheet	8
Statement of Changes in Equity	9
Notes	10

## **Strategic Report**

The directors have pleasure in submitting their strategic report, directors' report and the audited financial statements for the period ended 31 December 2016.

### **Activities**

The company was principally engaged during the period in operating The Gleneagles Hotel, Auchterarder, Perthshire.

### **Going concern**

The factors likely to affect the company's future performance and financial position are set out in this strategic report. The directors have prepared cash flow forecasts for the company for the period of at least twelve months from the date of signing these accounts and have obtained a letter of support from its immediate parent company, GH Holdings 2 Limited, for a period of at least twelve months from the date of signing these accounts. These show that the company can operate within their available funds for a period of at least one year. Accordingly, the directors continue to adopt the going concern basis in preparing the company's financial statements.

### **Business Review**

*Development and performance of the business of the company during the financial period and position of the company as at 31 December 2016*

Financial performance in the period ended 31 December 2016 was strong, with turnover increasing on the comparative period following the re-styling and refurbishment of 31 bedrooms and suites and the opening of our new Century Bar.

The current business continues to see positive trading conditions. Our multi-million pound refurbishment programme is continuing with the recent opening of our new American Bar and Glendevon resident's lounge, hosting our exciting new afternoon tea provision, and further refurbishment of the hotel's room stock. Continued investment in the golf courses has seen the King's and Queen's courses returning to their James Braid origins. Alongside other current developments these renovations are set to further enhance Gleneagles' position as a 'Glorious Playground' at the heart of the Scottish countryside.

### *Principal risks and uncertainties facing the company as at 31 December 2016*

The directors consider the main risk facing the company's future trading is the potential occurrence of shocks to the European and American economies that could lead to reduced occupancy from corporate and leisure clients.

### *Financial and other key performance indicators*

The Directors believe that the following indicators represent the company's performance during the period

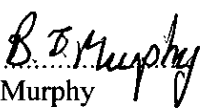
Turnover	6 months to 31 December 2016: £28.1m (13 months to June 2016: £47.7m)
Operating Profit	6 months to 31 December 2016: £3.9m (13 months to June 2016: £4.2m)
Rooms available	232

**Strategic Report** *(continued)*

**Financial**

The results for the period ended 31 December 2016 are shown on page 7.

By order of the board

  
.....  
B J Murphy  
Director  
The Gleneagles Hotel  
Auchterarder, Perthshire  
PH3 1NF

Date: 26 April 2017

## **Directors' report**

### **Directors**

The directors who held office during the period and to the date of this report were as follows:

D A Kemp  
B J Murphy  
S Pasricha  
C H Oakshett

### **Dividends**

Dividends of £nil were paid during the period (year to 30 June 2016: £9,250,000).

### **Employee involvement**

The company's goal is to offer an energising work environment, personal growth and recognition and attractive rewards for the performance of its people and the contribution they make to the company. Its employee policies are designed to support these goals and to do so in a manner that is fair and equitable to all employees. These policies take account of external legislation, internal codes of conduct, as well as the company's values as an organisation.

The company is a multi-cultural community operating in an increasingly diverse business world and is committed to active equality and diversity practices. The company offers people with disability the same opportunities for employment, training and career progression as other employees. Employees who become disabled and unable to continue in their existing jobs are given the opportunity to be retrained for suitable alternative employment. It is also committed to attracting and retaining talented people. The company invests in the growth and development of its people, which contributes directly to the performance and results of the business. Where practical, the company encourages flexible ways of working to enable employees to take some control over the balance between work and home life. The company's reward systems recognise the contribution employees make to the success and reflect the value of the role they are performing.

The company is committed to the safety and wellbeing of employees at work. The company is committed to open and continuous dialogue with its employees as a way to inform and engage them in the company's strategy and business goals as well as harnessing the ideas employees will have on improving broad areas of business performance.

Each senior manager is responsible for delivering against these communication and employee engagement goals. The company has an intranet web site from which employees with access to a computer can obtain timely and accurate news and information.

The company believes that its employee relations are satisfactory.

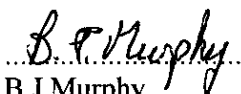
## **Directors' report (*continued*)**

### **Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor KPMG LLP is willing to continue in office and will be deemed to be re-appointed on the expiry of its term in office in respect of the period ended 31 December 2016.

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

By order of the board



B J Murphy  
*Director*

The Gleneagles Hotel  
Auchterarder  
Perthshire  
PH3 1NF

Date: *26 April 2017*

## **Statement of directors' responsibilities in respect of the annual report and the financial statements**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



## **Independent auditor's report to the members of Gleneagles Hotels Limited**

We have audited the financial statements of Gleneagles Hotels Limited for the period ended 31 December 2016 set out on pages 6 to 21. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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**

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

### **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 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

In our opinion the information given in the Strategic Report and the Directors' Report is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

### **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.

**Gordon Herbertson (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*

319 St Vincent Street, Glasgow, G2 5AS

Date

28/4/17



**Profit and Loss Account and Other Comprehensive Income**  
*for the period ended 31 December 2016*

	<i>Note</i>	<b>6 months to 31 Dec 2016 £'000</b>	<b>12 months to 30 Jun 2016 £'000</b>
<b>Turnover</b>	2	<b>27,635</b>	46,722
Operating costs	3	(23,924)	(42,876)
<b>Operating profit</b>		<b>3,711</b>	3,846
Loss on disposal of fixed assets		(62)	(174)
Interest receivable and similar income	6	2	17
Income from shares in group undertakings		2,600	-
<b>Profit before taxation</b>		<b>6,251</b>	3,689
Tax on profit	7	(998)	(1,220)
<b>Profit for the financial period</b>		<b>5,253</b>	2,469

All results arise from continuing operations.

The accounting policies and other notes on pages 9 to 22 form part of the financial statements.

The company has no other comprehensive income other than the profit for the period as set out above.

**Balance Sheet**  
*at 31 December 2016*

	<i>Note</i>	<b>£'000</b>	<b>31 Dec 2016 £'000</b>	<b>£'000</b>	<b>30 Jun 2016 £'000</b>
<b>Fixed assets</b>					
Tangible assets	8		85,669		83,412
<b>Current assets</b>					
Stocks	10	2,083		2,142	
Debtors	11	2,768		5,322	
Cash at bank and in hand		5,503		1,463	
			<u>10,354</u>	<u>8,927</u>	
<b>Creditors: amounts falling due within one year</b>	12	<u>(15,111)</u>		<u>(16,680)</u>	
<b>Net current liabilities</b>			<u>(4,757)</u>		<u>(7,753)</u>
<b>Net assets</b>			<u>80,912</u>		<u>75,659</u>
<b>Capital and reserves</b>					
Called up share capital	15		35,709		35,709
Revaluation reserve	15		11,616		11,616
Profit and loss account			33,587		28,334
<b>Shareholders' funds</b>			<u>80,912</u>		<u>75,659</u>

These financial statements were approved by the board of directors on *19 April 2017* and were signed on its behalf by:



.....  
D A Kemp  
Director

Company registered number: SC097000

## Statement of Changes in Equity

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£'000	£'000	£'000	£'000
<b>Balance at 1 July 2015</b>	35,709	11,616	35,115	82,440
Total comprehensive income for the year	-	-	2,469	2,469
Dividends paid - Total distributions to owners	-	-	(9,250)	(9,250)
<b>Balance at 30 June 2016</b>	<b>35,709</b>	<b>11,616</b>	<b>28,334</b>	<b>75,659</b>
Total comprehensive income for the period	-	-	5,253	5,253
<b>Balance at 31 December 2016</b>	<b>35,709</b>	<b>11,616</b>	<b>33,587</b>	<b>80,912</b>

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

Gleneagles Hotels Limited (the “Company”) is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (“FRS 102”) as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company’s ultimate UK parent undertaking, GH Holdings 1 Limited includes the Company in its consolidated financial statements. The consolidated financial statements of GH Holdings 1 Limited are available to the public. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of GH Holdings 1 Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements, and estimates with a significant risk of material adjustment in the next year are discussed in note 19.

#### 1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

**Notes (continued)****1 Accounting policies (continued)****1.2 Going concern**

The directors have prepared cash flow forecasts for the company for the period of at least twelve months from the date of signing these accounts and have obtained a letter of support from its immediate parent company, GH Holdings 2 Limited, for a period of at least twelve months from the date of signing these accounts. These show that the company can operate within their available funds for a period of at least one year. Accordingly, the directors continue to adopt the going concern basis in preparing the company's financial statements.

**1.3 Foreign currency**

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged forward, at the rate of exchange under the related foreign currency contract. Assets and liabilities in foreign currencies are translated into sterling at the financial year end exchange rates or, if hedged forward, at the rate of exchange under the related foreign currency contract.

All exchange gains and losses are taken to the profit and loss account.

**1.4 Basic financial instruments***Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

**1.5 Investments in subsidiaries**

Investments in subsidiaries are carried at cost less impairment.

**1.6 Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items, for example land is treated separately from buildings.

The company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Depreciation is charged when an asset is brought in to use. Land is not depreciated. Estimated useful lives are as follows:

Building - core	100 years
Building - surfaces	25 years
Equestrian Centre	36 years
Plant and machinery	4 to 12 years
Fixtures and fittings	4 to 7 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last financial reporting date in the pattern in which the company expects to consume an asset's future economic benefits.

## **Notes** *(continued)*

### **1**      **Accounting policies** *(continued)*

#### **1.7**      **Stocks**

Stocks are stated at the lower of cost and net realisable value.

#### **1.8**      **Provisions**

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

#### **1.9**      **Turnover**

Turnover is recognised when the significant risks and rewards of the goods and services provided are transferred to the buyer, the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company.

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

Turnover for the Company comprises the following streams:

- Sale of goods - turnover from retail sales and the sale of food and beverages is recognised at the point of sale.
- Rendering of services - turnover from room sales and other guest services is recognised when rooms are occupied and as services are provided.

#### **1.10**      **Expenses**

##### *Operating leases*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease.

##### *Interest receivable and Interest payable*

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

## **Notes** *(continued)*

### **1 Accounting policies** *(continued)*

#### **1.11 Pensions**

##### **Defined contribution pension plan**

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

Contributions are recognised as an expense in the income statement when they fall due. Amounts not paid are shown in other creditors as a liability in the statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

#### **1.12 Taxation**

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

*Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.*

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

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

## Notes (continued)

### 2 Turnover

The turnover and profit on ordinary activities before taxation are attributable to one class of business, that of hotels, all of which is carried out in the United Kingdom.

### 3 Expenses and auditor's remuneration

Included in operating profit are the following:

	6 months to 31 Dec 2016 £'000	12 months to 30 Jun 2016 £'000
Raw materials and consumables	4,707	7,566
Advertising, marketing and promotion costs	1,110	2,154
Other external charges (a)	189	378
Staff costs (note 4)	8,979	16,910
Depreciation and other amounts written off fixed assets	2,104	3,490
Other operating charges	6,835	12,378
	<hr/> 23,924 <hr/>	<hr/> 42,876 <hr/>

(a) Other external charges include: operating lease rentals for plant and machinery of £165,000 (2016 - £270,000) other lease rentals of £23,000 (2016 - £43,000); loss in respect of foreign exchange £1,000 (2016 - £8,000).

	6 months to 31 Dec 2016 £'000	12 months to 30 Jun 2016 £'000
Auditor's remuneration:		
Amounts receivable by the Company's auditor and its associates in respect of:		
Audit of financial statements	13	13

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, GH Holdings 1 Limited.



## Notes (continued)

### 4 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	<b>Number of employees</b>	
	<b>6 months to 31 Dec 2016</b>	<b>12 months to 30 Jun 2016</b>
Full time	629	669
Part time	254	234
	<hr/>	<hr/>
	883	903
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	<b>6 months to 31 Dec 2016 £'000</b>	<b>12 months to 30 Jun 2016 £'000</b>
Wages and salaries	8,039	14,966
Social security costs	591	1,075
Contributions to defined contribution plans	349	869
	<hr/>	<hr/>
	8,979	16,910
	<hr/>	<hr/>

### 5 Directors' remuneration

	<b>6 months to 31 Dec 2016 £'000</b>	<b>12 months to 30 Jun 2016 £'000</b>
Directors' remuneration	318	573
Company contributions to money purchase pension plans	6	26
	<hr/>	<hr/>

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £228,000 (12 months to 30 June 2016: £321,000), and company pension contributions of £4,000 (12 months to June 2016: £11,000) were made to a money purchase scheme on his behalf.

	<b>Number of directors</b>	
	<b>6 months to 31 Dec 2016</b>	<b>12 months to 30 Jun 2016</b>
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	2	2
	<hr/>	<hr/>

**Notes (continued)**

**6 Interest receivable and similar income**

	<b>6 months to 31 Dec 2016 £'000</b>	<b>12 months to 30 Jun 2016 £'000</b>
Bank interest receivable	2	17
Total interest receivable and similar income	2	17

**7 Taxation**

**Total tax expense recognised in the profit and loss account**

	<b>6 months to 31 Dec 2016 £'000</b>	<b>12 months to 30 Jun 2016 £'000</b>
<i>Current tax</i>		
Current tax on income for the period	742	669
Total current tax	742	669
<i>Deferred tax (see note 13)</i>		
Origination and reversal of timing differences	225	431
Effect of changes in tax rates	31	120
Total deferred tax	256	551
Total tax	998	1,220

All tax recognised above relates to UK corporation tax.

# Notes (continued)

## 7 Taxation (continued)

### Reconciliation of effective tax rate

	6 months to 31 Dec 2016 £'000	12 months to 30 Jun 2016 £'000
Profit for the year	5,253	2,469
Total tax expense	998	1,220
Profit excluding taxation	6,251	3,689
Tax using the UK corporation tax rate of 20 % (30 June 2016: 20%)	(1,250)	(738)
Accelerated capital allowances and other timing differences	49	29
Reduction in tax rate on deferred tax balances	(31)	(120)
Non-deductible expenses	(286)	(418)
Non-taxable income	520	-
Additional allowances available under Land Remediation Relief	-	27
Total tax expense included in profit or loss	(998)	(1,220)

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. An additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly and reduce the deferred tax balance.

**Notes (continued)****8 Tangible fixed assets**

	Freehold land and buildings £'000	Plant and machinery £'000	Fixtures & fittings £'000	Under construction £'000	Total £'000
<b>Cost</b>					
Balance at 1 July 2016	95,774	5,626	36,094	841	138,335
Additions	-	-	-	4,435	4,435
Transfers	13	-	115	(128)	-
Disposals	-	-	(115)	-	(115)
<b>Balance at 31 December 2016</b>	<b>95,787</b>	<b>5,626</b>	<b>36,094</b>	<b>5,148</b>	<b>142,655</b>
<b>Depreciation and impairment</b>					
Balance at 1 July 2016	19,745	5,507	29,671	-	54,923
Depreciation charge for the year	1,333	35	736	-	2,104
Disposals	-	-	(41)	-	(41)
<b>Balance at 31 December 2016</b>	<b>21,078</b>	<b>5,542</b>	<b>30,366</b>	<b>-</b>	<b>56,986</b>
<b>Net book value</b>					
At 1 July 2016	76,029	119	6,423	841	83,412
<b>At 31 December 2016</b>	<b>74,709</b>	<b>84</b>	<b>5,728</b>	<b>5,148</b>	<b>85,669</b>

Included within the net book value of Freehold land and buildings is £9,496,000 (30 June 2016: £9,496,000) in respect of land on which no depreciation is charged.

**9 Fixed asset investments**

	Subsidiary undertaking £'000
<b>Cost</b>	
At beginning and end of the year	-

The Company has the following investments in subsidiaries :

	Aggregate of capital and reserves	Profit or loss for the period	Country of incorporation	Class of shares held	Ownership 31 Dec 2016	Ownership 30 Jun 2016
	£'000	£'000			%	%
Gleneagles Resort Developments Limited	151	188	Scotland	Ordinary	100	100
GH Easterton Farm Limited	(25)	(2)	Scotland	Ordinary	100	100

The registered office of each company noted above is Gleneagles Hotel, Auchterarder, PH3 1NF. Subsequent to the reporting date the ownership of the above companies was transferred to GH Holdings 2 Limited, as described in note 20.

## Notes (continued)

### 10 Stocks

	31 Dec 2016 £'000	30 Jun 2016 £'000
Raw materials and consumables	244	233
Finished goods	1,839	1,909
	<hr/>	<hr/>
	2,083	2,142
	<hr/>	<hr/>

Raw materials and consumables and finished goods recognised as cost of sales in the period amounted to £4,707,000 (30 June 2016: £7,566,000).

### 11 Debtors

	31 Dec 2016 £'000	30 Jun 2016 £'000
Trade debtors	1,652	1,103
VAT recoverable	-	597
Amounts owed by fellow group undertakings	-	2,675
Other prepayments and accrued income	811	386
Deferred taxation (note 13)	305	561
	<hr/>	<hr/>
	2,768	5,322
	<hr/>	<hr/>

All amounts fall due within one year.

### 12 Creditors: amounts falling due within one year

	31 Dec 2016 £'000	30 Jun 2016 £'000
Trade creditors	3,531	2,988
Amounts owed to fellow group undertakings	918	2,146
Other taxation including social security	618	384
Corporation tax payable	689	209
Accruals and deferred income	9,355	10,953
	<hr/>	<hr/>
	15,111	16,680
	<hr/>	<hr/>

## Notes (continued)

### 13 Deferred tax asset

Deferred tax assets are attributable to the following:

	31 Dec 2016 £'000	30 Jun 2016 £'000
Accelerated capital allowances	252	481
Other	53	80
	<hr/>	<hr/>
Deferred tax asset	305	561
	<hr/>	<hr/>

### 14 Employee benefits

#### Defined contribution plans

The Company operates a number of defined contribution pension plans.

The total expense relating to these plans in the current period was £349,000 (12 months to 30 June 2016: £869,000). Outstanding contributions at period end totalled £30,000 (30 June 2016: £54,000).

### 15 Capital and reserves

#### Share capital

	31 Dec 2016 £'000	30 Jun 2016 £'000
<i>Allotted, called up and fully paid</i>		
35,709,000 ordinary shares of £1 each	35,709	35,709
	<hr/>	<hr/>
	35,709	35,709
	<hr/>	<hr/>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

#### Revaluation reserve

The revaluation reserve represents the excess of fair value of land and buildings above book value.

#### Dividends

During the period total dividends of £ nil (12 months to 30 June 2016 :£9,250,000; 25.9p per share), were proposed by the directors and paid.

**Notes (continued)****16 Operating leases**

Non-cancellable operating lease rentals are payable as follows:

	<b>31 Dec 2016</b> <b>£'000</b>	30 Jun 2016 £'000
Less than one year	<b>114</b>	156
Between one and five years	<b>91</b>	137
More than five years	<b>52</b>	54
	<hr/> <b>257</b> <hr/>	<hr/> 347 <hr/>

During the period £165,000 was recognised as an expense in the profit and loss account in respect of operating leases for plant and machinery (12 months to 30 June 2016: £270,000) and £23,000 in respect of other lease rentals (12 months to 30 June 2016: £43,000).

**17 Related parties**

The company is related to Ennismore International Management Limited (Ennismore) by virtue of the fact that Ennismore is controlled by a director of the company. During the period, Ennismore charged the company £961,583 (12 months to 30 June 2016: £1,169,842) in respect of management and other services. At 31 December 2016, the company owed £479,807 (30 June 2016: £347,140) to Ennismore in respect of these transactions.

The company is related to Glenmor Owners Club (Glenmor) by virtue of the fact that directors of the company are committee members with significant influence over its operations. During the period the company recharged operation costs of £748,998 (12 months to 30 June 2016: £1,556,657) to Glenmor.

The Company has taken advantage of the exemption conferred by Financial Reporting Standard 102 Section 33 'Related Party Disclosures' paragraph 33.1A not to disclose transactions with certain group companies on the grounds that 100% of the voting rights in these companies were controlled by the group during the period.

**18 Ultimate parent company and parent company of larger group**

The Company is a subsidiary of GH Holdings 2 Limited. The ultimate parent company is Bharti Overseas Private Limited. In the opinion of the directors there is no single ultimate controlling party.

Financial results of the company are consolidated at GH Holdings 1 Limited, Scotland which is the parent company of GH Holdings 2 Limited.

## Notes (continued)

### 19 Accounting estimates and judgements

#### *Key sources of estimation uncertainty*

In preparing these financial statements, the directors have had to make the following judgements:

- Determine whether there are indicators of impairment of the company's tangible assets. Factors taken in to consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.
- Tangible fixed assets are depreciated over their useful lives taking in to account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken in to account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- Determine whether leases entered in to by the Company are operating or finance leases. These decisions depend on assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- The recoverability and value of inventories are regularly reviewed and provision is made where appropriate.
- The recoverability of trade and other receivables are regularly reviewed and provision is made where appropriate.

### 20 Events after the reporting date

On 20 February 2017 the company transferred ownership of the entire share capital of GH Easterton Farm Limited and Gleneagles Resort Developments Limited to GH Holdings 2 Limited at book value.

On 20 February 2017 the company capitalised the revaluation reserve of £11,615,676 in purchase of a bonus issue of shares at £1 each. The company subsequently reduced its share capital to £5,000,000.

On 21 February 2017 the company arranged £66,800,000 of loan financing, secured by a floating charge over the assets of the company.

On 22 February 2017 the company declared and paid a dividend of £63,000,000.