Gleneagles Hotels Limited

Annual Report

For the year ended 31 March 2021

Registered number: SC097000

Contents

Strategic Report

The directors have pleasure in submitting their strategic report, directors' report and the audited financial statements for the year ended 31 March 2021.

Principal activities
The company was principally engaged during the year in operating The Gleneagles Hotel, Auchterarder, Perthshire.

Business review and future developments
The year to March 2021 was impacted hugely by the COVID-19 pandemic, with hospitality businesses closed for much of the time or operating under tight restrictions covering customer numbers and operating hours. The Gleneagles Hotel was closed for 8 months of the financial year, only trading from 15th July 2020 until 13th November 2020.

The business performed well during the period of trading, with turnover in line with expectations. During the closure periods, use of the Coronavirus Job Retention Scheme ensured that our team were paid 80% of salary and avoided the need for large scale redundancies, being able to retain the majority of our staff has enabled a strong trading period since reopening again on 26th April 2021.

Our multi-million pound refurbishment programme is continued with the completion of our bedroom upgrade programme. Winter 2020/21 also saw the refurbishment of our Spa which has relaunched with a new and enhanced treatment menu. These renovations are set to further enhance Gleneagles' position as a 'Glorious Playground' at the heart of the Scottish countryside.

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

Turnover	Year ended 31 March 2021: £19.7m (15 months to 31 March 2020: £66.4m)
Operating Loss	Year ended 31 March 2021: £7.0m (15 months to 31 March 2020: £0.6m)
Rooms Available 233	

Strategic Report (continued)

Principal risks and uncertainties

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

Coronavirus

The Covid-19 pandemic has had an immense impact on the company and on the wider industry. The directors have considered the implications in line with the FRC's 3 lenses being operations, sales and liquidity. In terms of operations and sales, the pandemic has so far led to two extended closure periods, following the government lockdown orders. The company availed of the Coronavirus Job Retention scheme and the vast majority of staff have been furloughed during the closure periods. The safety of employees and guests are at the forefront of the response to the pandemic, to this end the company has employed a Covid Compliance Officer to work with the existing Risk & Environment Manager to ensure the hotel is developing good quality procedures and processes to mitigate the risk of transmission and is complying with said processes. In 2020 the hotel achieved both the AA Covid-19 Confidence Accreditation and the Global Biorisk Advisory Council (GBAC) STAR Accreditation.

The hotel reopened on 26th April 2021 and has enjoyed strong trading over the intervening period. The company was able to weather the Covid-19 pandemic due to liquidity support from our parent company as well as our primary lender, in the form of a CLBILS loan facility. The directors are pleased to note that strong trading in the summer of 2021 has allowed early repayment of the CLBILS loan.

Given the company's current substantial cash balance, investor support and the continued support of the primary lender the board considered various scenarios and believe that the company has sufficient financial resources to continue as a going concern and accordingly the financial statements have been prepared on a going concern basis. Further information on the going concern assessment is disclosed in note 1.2 of the financial statements

Competition

The directors are confident that the quality of the product, the location of the hotel and the level of customer service will be a competitive advantage to maintain and hopefully increase market share.

Legislative risks

Following the UK's exit from the European Union, there is a risk to the company's ability to recruit suitable staff to fill a range of positions across the business. To mitigate this risk to the extent possible, the company has secured a Sponsorship license to aid recruitment from outwith the UK. The company has also reviewed rates of pay and total benefits across hard to fill roles to ensure we are able to continue to recruit the right quality of candidates to meet our service aspirations.

Financial risk management

Interest rate risk
At 31 March 2021, the company has drawn down both fixed rate loans from fellow group companies and variable rate bank borrowings. No interest rate hedge is in place.

Liquidity risk
The management team's objectives are to retain sufficient liquid funds to enable the company to meet its day to day obligations as they fall due.

Foreign exchange risk
Although the functional currency of the company is Sterling, the company's operating cashflows are transacted in Sterling, Euro and US Dollar. The risk to the company is minimal and hedge accounting is not used.

Financial
The results for the period ended 31 March 2021 are shown on page 11.

Strategic Report (continued)

Section 172 report

Stakeholder engagement is an important area of focus for Gleneagles Hotels Limited. We ensure that we have open communications with our various stakeholder groups. We use information gained through these relationships to make informed judgements when making key decisions.

The directors understand the importance of their section 172 duty to act in good faith to promote the success of the company. When making decisions, the interests of any key relevant stakeholders is considered, including employees, suppliers, customers, shareholders, the community, lenders and the environment. The company is committed to developing business relationships with suppliers and customers.

The Board also takes into consideration the long-term consequences for both the company and its relevant stakeholders when making these decisions by forecasting and considering the impact of these decisions. This ensures that the company conducts its business in a fair way, protecting its reputation and external relationships.

Workforce engagement

The company employed on average 894 people during the year ending 31 March 2021 and actively engages with and develops its people. The company provides regular updates to its employees through a number of internal channels from informal, local, hotel-level communications through to formal, quarterly, group-wide information sessions.

The company conducted a staff wide survey in 2019 to gauge engagement levels and help shape the next steps in further improving the organisational culture and maintaining our position as an employer of choice in the industry. Our next staff wide survey is scheduled to takes place in November 2021.

Upon joining, all new team members undergo a relevant and comprehensive induction program developed to provide support and guidance for their role. Internal training is provided for all team members to support them in performance of their roles and additional management training is provided as team members take on management duties.

For employees who prefer to raise any concerns confidentially, we have channels whereby any employee can ask a question of the senior leadership team anonymously, which are regularly reviewed and answered. The company also subscribes to a whistleblowing hotline to allow any staff member to raise concerns confidentially.

At the wider Ennismore group level, diversity and inclusion surveys have been undertaken to better understand how we can make the group more inclusive and progressive. The group has also set up a Global Inclusion Council to help us advance the opportunities and interest of our people from all diverse backgrounds. We want our Council to be made up of internal team members, as well as external consultants. Over the long term, we aim to improve representation of underrepresented groups as well as staff retention by fostering a sense of belonging amongst our employees.

Shareholder engagement

The Board is committed to ensuring there is continued sufficient and effective communication and engagement between the company and the shareholders through various different means throughout the period. This includes the Annual Report which sets out the company's strategy and performance over the past financial period and plans for future growth. Additionally, KPIs relating to operating hotels as well as the group as a whole are reported on a quarterly basis with commentary to explain key performance details.

Strategic Report (continued)

Supplier engagement

We undertake due diligence on our suppliers, and undertake regular monitoring to ensure suppliers are working in line with our minimum standards. Key suppliers include construction, food & beverage, cleaning, property maintenance & IT/security infrastructure.

To ensure there is two-way communication with suppliers, we regularly engage with them by phone and/or onsite. Contracts are reviewed regularly and a fair competitive process is carried out when agreements expire or are due for renewal.

Community engagement

The company has continued its 'Do More' programme, which allows our employees to engage in charitable projects and activities. Our employees volunteer and fundraise for local charities that impact the local community and we are proud to support Social Bite in Edinburgh.

The company actively engages with local schools and colleges to promote the benefits and opportunities of careers in hospitality. Our team members have delivered masterclass sessions, delivered tours of the estate and acted as judges in competitions.

Customers

As part of our staff training, we emphasise the importance of engaging with customers throughout their experience. We enable our customers to get up to date pricing information and promotions through emails and our website, and we carry out a number of guest satisfaction surveys.

We ensure our offering remains up to date and attractive to customers, with a continuing process of refurbishment and renewal throughout the hotel.

Lender engagement

There is regular communication with the lenders to discuss business performance, the market and any current issues. Additionally, lenders are reported to on a monthly basis with updates on the performance of the hotel.

Environment

The company is committed to reducing its environmental impact. Progress has been made on reducing the impact of the hotel with regards plastic packaging and waste. Our Golf team have reduced chemical usage and water usage across the golf courses, reaching the final of the 2022 Golf Environment Awards. We have completed a study of energy usage and are actively pursuing a strategy to modernise our heating systems to reduce our reliance on fossil fuels and reduce our carbon emissions linked to heating.

By order of the board

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C O'Leary
Director
The Gleneagles Hotel
Auchterarder, Perthshire
PH3 1NF

Date: 17th Dec 2021

Directors' report

Directors

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

D A Kemp
S Pasricha
C O'Leary
E Pasricha (appointed 1 April 2021)
M V Simpkinson (appointed 1 April 2021)

Dividends

Dividends of £nil were paid during the period (15 months to 31 March 2020 - £4,645,000).

Strategic report

The company outlines its policies on going concern and financial instruments in the Strategic Report.

Post-balance sheet events

On the 27th August 2021 the company repaid the CLBILS loan of £5,000,000. This repayment was in advance of the original repayment terms.

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*)

Streamlined Energy & Carbon Reporting statement

Emissions data in respect of the year ended 31 March 2021

Emission Type	kWh	CO2e tonnes
Scope 1 – Combustion	12,237,349	2,931,100
Scope 2 – Purchased Energy	10,077,234	2,139,700
Scope 3 – Indirect energy use	Not material	Not material
Total	**22,314,583**	**5,070,800**

Greenhouse gas emission intensity ratio – tCO2e/£1,000 of turnover – 178.2

Methodology

The company engaged a third party consultant to collate the usage information and independently calculate the emissions using established guidelines.

Energy Efficiency Action

The reports produced as part of this reporting includes a number of recommendations that the company is reviewing and considering for implementation. No energy efficiency actions were undertaken during the year.

Auditor

BDO LLP have expressed their willingness to continue in office and will be proposed for reappointment in accordance with Section 487 of the Companies Act 2006.

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

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C O'Leary
Director

The Gleneagles Hotel
Auchterarder
Perthshire
PH3 1NF

Date: 17th Dec 2021

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' 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 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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.

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

Opinion on the 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 2021 and of its loss 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.

We have audited the financial statements of Gleneagles Hotels Limited ("the Company") for the year ended 31 March 2021 which comprise the profit and loss account and other comprehensive income, the balance sheet, the statement of changes in equity and 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).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

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 included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of 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.

Independent auditor's report to the members of Gleneagles Hotels Limited (continued)

Other Companies Act 2006 reporting

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

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

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 Directors' report.

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

- adequate accounting records have not been kept, 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, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Independent auditor's report to the members of Gleneagles Hotels Limited (continued)

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Discussions with management and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Evaluation and testing of the operating effectiveness of management's controls designed to prevent and detect irregularities; such as the matching of expenditure between purchase order, invoice and goods received not, and the approval of payments to suppliers;
- Challenging assumptions made by management in their accounting estimates;
- In addressing the risk of revenue recognition through testing the operating effectiveness of management's controls designed to ensure the existence and completeness of revenue; reconciling revenue recognised to cash received and substantively testing samples of revenue recognised to supporting documentation.
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business;
- Vouching balances and reconciling items in management's key control account reconciliations to supporting documentation as at 31 March 2021; and carrying out detailed testing, on a sample basis, of material transactions, financial statement categories and balances to appropriate documentary evidence to verify the completeness, occurrence and accuracy of the reported financial statements.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the 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.

DocuSigned by:
Mark McCluskey
C17EC688DFBB4C8...

Mark McCluskey (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Glasgow, United Kingdom

22 December 2021

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

Profit and Loss Account and Other Comprehensive Income

for the year ended 31 March 2021

	Note	Year Ended 31 March 2021 £000	15 months to 31 March 2020 £000
Turnover	2	19,711	66,388
Other operating income	3	8,750	-
Operating costs	4	(35,444)	(67,024)
Operating profit		(6,983)	(636)
Profit/(loss) on disposal of fixed assets		79	(1,771)
Interest receivable and similar income	6	738	242
Interest paid and similar charges	8	(2,792)	(3,072)
Profit before taxation		(8,958)	(5,237)
Tax on profit	9	940	130
Loss for the period		(8,018)	(5,107)

All results arise from continuing operations.

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

The accounting policies and other notes on pages 14 to 27 form part of the financial statements.

Balance Sheet
at 31 March 2021

	Note		31 March 2021 £'000		31 March 2020 £'000
Fixed assets					
Tangible assets	10		95,320		99,191
Current assets					
Stocks	11	2,542		3,252	
Debtors	12	24,726		21,412	
Cash at bank and in hand		3,317		460	
		30,585		25,124	
Creditors: amounts falling due within one year	13	(25,344)		(20,035)	
Net current assets/(liabilities)			5,241		5,089
Total assets less current liabilities			100,561		104,280
Creditors: amounts falling due after more than one year	14		(105,311)		(100,035)
Provisions for liabilities					
Deferred tax	16		-		(977)
Net assets/(liabilities)			(4,750)		3,268
Capital and reserves					
Called up share capital	18		5,000		5,000
Profit and loss account			(9,750)		(1,732)
Shareholders' funds			(4,750)		3,268

The accounting policies and other notes on pages 14 to 27 form part of the financial statements.

These financial statements were approved and authorised for issue by the board of directors on 17th Dec 2021 and were signed on its behalf by:

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M V Simpkinson
Director

Company registered number: SC097000

Statement of Changes in Equity

	Called up share capital £'000	Revaluation Reserve £'000	Profit and loss account £'000	Total equity £'000
Balance at 31 December 2018	5,000	-	8,020	13,020
Total comprehensive loss for the year	-	-	(5,107)	(5,107)
Dividend paid – Total distribution to owners	-	-	(4,645)	(4,645)
Balance at 31 March 2020	5,000	-	(1,732)	3,268
Total comprehensive loss for the period	-	-	(8,018)	(8,018)
Dividend paid – Total distribution to owners	-	-	-	-
Balance at 31 March 2021	5,000		(9,750)	(4,750)

Notes
(forming part of the financial statements)

1 Accounting policies

Gleneagles Hotels Limited (the "Company") is a company incorporated, domiciled and registered in Scotland in the UK. The registered number is SC097000 and the registered address is The Gleneagles Hotel, Auchterarder, Perthshire PH3 1NF.

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 December 2017 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 22.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

The directors have prepared the financial statements for the period ended 31 March 2021 on a going concern basis. The hotel reopened on 26th April 2021 and has enjoyed strong trading over the intervening period. The company was able to weather the Covid-19 pandemic due to liquidity support from our parent company as well as our primary lender, in the form of a CLBILS loan facility. The directors are pleased to note that strong trading in the summer of 2021 has allowed early repayment of the CLBILS loan of £5m.

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. These show that the cash flows generated by the company will be sufficient to allow it to operate for a period of at least one year. A letter of non-recall has been obtained from the immediate parent company, GH Holdings 2 Limited, to confirm that liabilities due will not be called for repayment unless sufficient funds are available. The directors are satisfied that GH Holdings 2 Limited has the wherewithal to provide the support. Accordingly, the directors continue to adopt the going concern basis in preparing the company's financial statements.

Given the new variants of the virus, the directors have considered that the Scottish and UK Governments may re-introduce responses at times during the next 12 months and beyond to combat virus spikes during the winter and new variants.

Notes *(continued)*

1 Accounting policies *(continued)*

1.2 Going concern (continued)

The directors have therefore modelled stressed scenarios, from full closure from January 2022 to March 2022 to a severe downturn in revenue from January 2022 to June 2022. The directors have assumed no government support but consider this unlikely in the event of a full close. The directors consider the above scenarios as severe given the hotel's size allows social distancing. They also consider closure before January 2022 as highly unlikely and also expect the hotel to face no (or very limited) restrictions from the Spring onwards replicating 2020 and 2021. The hotel has strong forecast occupancy for 2022/23. The directors have also considered numerous other outcomes from an operational and liquidity perspective and given the strong cash and funding arrangement do not believe they represent a material uncertainty. These scenarios show that the cash flows generated by the company will be sufficient to allow it to operate for a period of at least one year from the date of signing without additional funding being required.

The company is financed via substantial cash balances, a term loan from a bank and inter-company funding. At the time of this report, the company has strong liquidity to cope with the more pessimistic scenarios discussed above. The inter-company lender has confirmed that repayment will not be demanded within 12 months via a letter of non-recall and the bank loan is not due for repayment until 2024 however does have covenants in place. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The company's primary lender had agreed to waive covenant reporting through until the end of March 2021. The trading conditions since the hotel has re-opened have meant that the covenants have been comfortably met and ensure enough headroom is in place to cope with the stressed scenarios including those mentioned above.

1.3 Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Assets and liabilities in foreign currencies are translated into sterling at the financial year end exchange rates.

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.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Notes *(continued)*

1 Accounting policies *(continued)*

1.5 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.

1.6 Stocks

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

1.7 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.

1.8 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 period.

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.

1.9 Other operating income

Government grants

Payments received from the government for furloughed employees are a form of grant. This grant money is receivable as compensation for expenses already incurred, and where this is not in respect of future related costs, is recognised in other income in the period in which it becomes receivable and the related expense is incurred.

Notes *(continued)*

1 Accounting policies *(continued)*

1.9 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.

1.10 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.

1.11 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.

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.

Notes *(continued)*

3 Other operating income

Included in operating profit are the following

	Year Ended 31 March 2021 £'000	15 months to 31 March 2020 £'000
Government grants	8,750	-
	8,750	-

Government grants receivable relate to amounts received through the CJRS (furlough) scheme.

4 Expenses and auditor's remuneration

Included in operating profit are the following

	Year Ended 31 March 2021 £'000	15 months to 31 March 2020 £'000
Raw materials and consumables	2,565	9,801
Advertising, marketing and promotion costs	472	2,677
Other external charges (a)	252	533
Staff costs (note 5)	18,127	26,297
Depreciation and other amounts written off fixed assets (b)	7,629	10,554
Other operating charges	6,399	17,162
	35,444	67,024

(a) Other external charges include: operating lease rentals for plant and machinery of £170,000 (31 March 2020 - £416,000) other lease rentals of £43,000 (31 March 2020 - £65,000); loss in respect of foreign exchange £8,000 (31 March 2020 - £13,000).

(b) Included in above is a profit on disposal of £79,000.

In the period ended 31 March 2020 the company received £185,000 in relation to government support for furloughed staff members during the year. The comparative amount for the year ended 31 March 2021 is shown in other operating income (note 3).

Notes *(continued)*

4 Expenses and auditor's remuneration (*continued*)

Auditor's remuneration	Year Ended 31 March 2021 £'000	15 months to 31 March 2020 £'000
Amounts receivable by the company's auditor and its associates in respect of:		
Audit of financial statements	30	30

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 disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, GH Holdings 1 Limited.

5 Staff costs

The aggregate payroll costs of these persons were as follows:

	Year Ended 31 March 2021 £'000	15 months to 31 March 2020 £'000
Wages and salaries	16,690	23,825
Social security costs	1,119	1,753
Contributions to defined contribution plans	318	719
	18,127	26,297

The average number of employees employed by the company, including directors, during the period, analysed by category was as follows:

	Year Ended 31 March 2021 Number	15 months to 31 March 2020 Number
Full time	587	661
Part time	307	306
	894	967

Notes *(continued)*

6 Interest receivable and similar income

	Year Ended 31 March 2021 £'000	15 months to 31 March 2020 £'000
Bank interest receivable	-	2
Interest on amounts due from fellow group undertakings	738	240
	738	242

7 Directors' remuneration

	Year Ended 31 March 2021 £'000	15 months to 31 March 2020 £'000
Directors' remuneration	305	449
Company contributions to defined contributions scheme	32	24

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £155,000 (2020 - £322,000*)*, and company pension contributions of £32,000 (2020 - £nil) were made to a defined contribution scheme on their behalf.

	Year Ended 31 March 2021 Number	15 months to 31 March 2020 £'000
Retirement benefits are accruing to the following number of directors under:		
Defined contribution schemes	1	1

8 Interest payable and similar charges

	Year Ended 31 March 2021 £'000	15 months to 31 March 2020 £'000
Interest on bank loan	2,282	2,496
Loan arrangement fees	172	149
Interest on amounts owed to fellow group undertakings	338	427
	2,792	3,072

Notes *(continued)*

9 Taxation

Total tax expense recognised in the profit and loss account	**Year Ended 31 March 2021 £'000**	**15 months to 31 March 2020 £'000**
Current tax		
Current tax on income for the period	-	(192)
Adjustments in respect of prior periods	184	(310)
Total current tax	184	(502)
Deferred tax (see note 16)		
Origination and reversal of timing differences	(974)	472
Adjustments in respect of prior periods	(150)	(100)
Total deferred tax	(1,124)	372
Total tax	(940)	(130)

All tax recognised above relates to UK corporation tax.

Reconciliation of effective tax rate	**Year Ended 31 March 2021 £'000**	**15 months to 31 March 2020 £'000**
Loss for the period	(8,018)	(5,107)
Total tax expense	(940)	(130)
Profit excluding taxation	(8,958)	(5,237)
Tax using the UK corporation tax rate of 19% (2020 – 19%)	(1,702)	(995)
Accelerated capital allowances and other fixed asset timing differences	716	1,026
Adjust opening deferred tax to correct rate	-	59
Deferred tax not recognised	-	92
Group relief surrendered	-	192
Receipt for group relief	-	(192)
Non-deductible expenses	12	6
Losses carried back	-	92
Prior year adjustments	34	(410)
Total tax expense included in profit or loss	(940)	(130)

Notes *(continued)*

10 Tangible fixed assets

	Freehold land and buildings £'000	Plant and machinery £'000	Fixtures & fittings £'000	Under construction £'000	Total £'000
Cost					
Balance at 1 March 2020	112,041	6,045	41,013	3,099	162,198
Additions	2,228	80	1,495	77	3,880
Transfers	1,654	-	1,360	(3,014)	-
Disposals	(2)	-	(1,015)	-	(1,017)
Balance at 31 March 2021	115,921	6,125	42,853	162	165,061
Depreciation and impairment					
Balance at 1 March 2020	27,822	5,766	29,420	-	63,008
Depreciation charge for the period	4,310	96	3,302	-	7,708
Disposals	-	-	(975)	-	(975)
Balance at 31 March 2021	32,132	5,862	31,747	-	69,741
Net book value					
At 31 March 2020	84,219	280	11,593	3,099	99,191
At 31 March 2021	83,789	263	11,106	162	95,320

Included within the net book value of Freehold land and buildings is £9,921,242 (2020 - £9,921,242) in respect of land on which no depreciation is charged.

11 Stocks

	31 March 2021 £'000	31 March 2020 £'000
Raw materials and consumables	458	844
Finished goods	2,084	2,408
	2,542	3,252

Raw materials and consumables and finished goods recognised as cost of sales in the period amounted to £2,593,000 (2020 - £9,900,000).

Notes *(continued)*

12 Debtors

	31 March 2021 £'000	31 March 2020 £'000
Trade debtors	720	19
Other prepayments and accrued income	2,304	1,242
Corporation tax receivable	259	570
VAT	1,510	834
Amounts due from group undertakings	19,787	18,747
Deferred tax asset (note 16)	146	-
	24,726	21,412

All amounts fall due within one year.

Amounts due from group undertakings are interest bearing at a fixed rate of 4%, are unsecured and are repayable on demand.

13 Creditors: amounts falling due within one year

	31 March 2021 £'000	31 March 2020 £'000
Trade creditors	880	3,548
Amounts owed to fellow group undertakings	9,006	4,377
Other taxation including social security	366	542
Other creditors	99	510
Accruals and deferred income	14,993	11,058
	25,344	20,035

Amounts owed to fellow group undertakings are interest bearing at a fixed rate of 4%, are unsecured and are repayable on demand.

Notes *(continued)*

14 Creditors: amounts falling due after more than one year

	31 March 2021 £'000	31 March 2020 £'000
Term loan	99,552	99,406
CLBILS loan	4,958	-
Advance deposits	801	629
	105,311	100,035

The term loan is secured by a floating charge over the assets of the Company. The term loan is repayable on 5 December 2024. Interest is payable at 2% above LIBOR.

The principal amount of the term loan is £100,000,000 and the balance above includes legal costs and arrangement fees of £932,000 being amortised over the term of the loan.

The principal amount of the CLBILS loan is £5,000,000 and the balance above includes legal costs and arrangement fees of £68,000 being amortised over the term of the loan. Interest is payable at 1.83% above LIBOR.

The CLBILS loan is repayable in instalments of £1,000,000 on 30 September 2021 and 31 December 2021 and £1,500,000 on 31 March 2022 and 30 June 2022. The loan has been repaid in full on 27 August 2021.

15 Loan

Loans repayable, included within creditors, is analysed as follows:	31 March 2021 £'000	31 March 2020 £'000
Repayable in less than one year	3,470	-
Repayable in one to two years	1,488	-
Repayable in two to five years	99,552	99,406
	104,510	99,406

Notes *(continued)*

16 Deferred tax

	Assets		Liabilities		Net	
	31 March 2021 £'000	31 March 2020 £'000	31 March 2021 £'000	31 March 2020 £'000	31 March 2021 £'000	31 March 2020 £'000
Tangible fixed asset timing differences	-	-	(1,288)	(977)	(1,288)	(977)
Short term timing differences	43	-	-	-	43	-
Losses and other deductions	1,391	-	-	-	1,391	-
Net tax liability	1,434	-	(1,288)	(977)	146	(977)

Movement in deferred tax during the period:

	1 April 2020 £'000	Recognised in income £'000	31 March 2021 £'000
Tangible fixed asset timing differences	(977)	(311)	(1,288)
Short term timing differences	-	43	43
Losses and other deductions	-	1,391	1,391
Net tax liability	(977)	1,123	146

Movement in deferred tax during prior year:

	1 January 2019 £'000	Recognised in income £'000	31 March 2020 £'000
Tangible fixed assets	(647)	(330)	(977)
Provisions	42	(42)	-
Net tax liability	(605)	(372)	(977)

17 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 £318,000 (2020 - £719,000). Outstanding contributions at the 31 March 2021 totalled £78,000 (2020 - £153,000).

Notes *(continued)*

18 Capital and reserves

	31 March 2021 £'000	31 March 2020 £'000
Allotted, called up and fully paid		
5,000,000 (2020 – 5,000,000) ordinary shares of £1 each	5,000	5,000

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.

Dividends

During the period total dividends of £nil (2020 - £4,645,000), were proposed by the directors and paid.

19 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	31 March 2021 £'000	31 March 2020 £'000
Less than one year	164	165
Between one and five years	192	150
	356	315

During the period £170,000 was recognised as an expense in the profit and loss account in respect of operating leases for plant and machinery (2020 - £416,000) and £43,000 in respect of other lease rentals (2020 - £65,000).

Non-cancellable operating lease rentals receivable are as follows:

	31 March 2021 £'000	31 March 2020 £'000
Less than one year	123	147
Between one and five years	58	138
	181	285

During the period £381,048 was recognised as income on contingent rents (2020 - £559,848).

Notes *(continued)*

20 Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £597,658 for the company (2020 - £2,642,374).

21 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 year, Ennismore charged the company £731,311 (2020 - £3,524,266) in respect of management and other services. At 31 March 2021, the company owed Ennismore £29,584 (2020 - £165,298 due from) 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 of Glenmor with significant influence over its operations. During the year the company recharged operating costs of £696,624 (2020 - £2,116,875) to Glenmor. At 31 March 2021 the company owed £2,862 (2020 - £10,121) to Glenmor.

During the year the Company received funds of £215,000 (2020 - £120,438) from and paid amounts of £153,717 (2020 - £152,420) on behalf of a director of the Company. At 31 March 2021 the director the company owed the director £41,429 (2020 - £19,429 due from).

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 year.

22 Controlling party

The largest group in which the results the company are consolidated is that headed by Bharti Overseas Private Limited, a company incorporated in India. Copies of the Bharti Overseas Private Limited consolidated accounts are available to the public and may be obtained from the Ministry of Corporate Affairs, India.

The company's immediate parent company is GH Holdings 2 Limited, a company registered in England and Wales. The smallest group in which the results are consolidated is that headed by GH Holdings 1 Limited, a company registered in England and Wales. The consolidated accounts of GH Holdings 1 Limited are available to the public and may be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

23 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 and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

24 Post-balance sheet events

On the 27th August 2021 the company repaid the CLBILS loan of £5,000,000