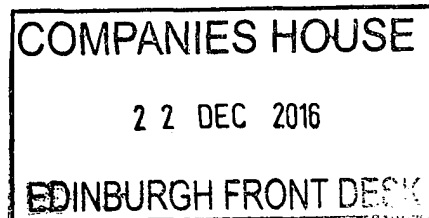


Macdonald Hotels Investments Limited

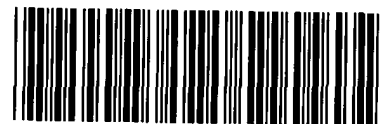
Directors' report and financial statements

Registered number SC125204

31 March 2016



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Company information

Directors	RG Fraser R Macdonald D Macdonald (appointed 18 December 2015)
Secretary	RG Fraser
Auditor	KPMG LLP Saltire Court 20 Castle Terrace Edinburgh EH1 2EG
Bankers	Bank of Scotland The Mound Edinburgh EH1 1YZ
Registered office	Whiteside House Bathgate West Lothian EH48 2RX

Strategic report

The directors present their strategic report for the year ended 31 March 2016.

Principal activities

The company is a holding company for companies operating hotels.

Business review

The financial results for the year ended 31 March 2016 are contained in the profit and loss account on page 6.

Whilst the company does not trade it holds a number of investments in trading entities, which the directors continue to monitor to ensure they are performing.

The directors have prepared the financial statements on a going concern basis as explained in note 1 to the financial statements, under the section "Basis of Preparation".

By order of the board



RG Fraser
Director

Whiteside House
Bathgate
West Lothian
EH48 2RX

21 December 2016

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31st March 2016.

Dividend

Dividends paid during the year comprise interim dividends of £nil in respect of the year ended 31 March 2016 (2015: £nil). The directors do not recommend the payment of a final dividend (2015: £nil).

Directors

The directors who held office during the year and to the date of this report are shown on page 1.

Disclosure of information to auditor

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 he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



RG Fraser
Director

Whiteside House
Bathgate
West Lothian
EH48 2RX

21 December 2016

Statement of directors' responsibilities in respect of the Strategic Report, and Directors' Report and the financial statements

The directors are responsible for preparing the Strategic Report, 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS102 *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.



KPMG LLP

Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG
United Kingdom

Independent auditor's report to the members of Macdonald Hotels Investments Limited

We have audited the financial statements of Macdonald Hotels Investments Limited for the year ended 31 March 2016 set out on pages 6 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) including FRS102 *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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 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 matter prescribed by the Companies Act 2006

In our opinion 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.

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.

Alex Sanderson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

21 December 2016

Profit and loss account
for the year ended 31 March 2016

	<i>Note</i>	2016 £000	2015 £000
Interest receivable	4	135	369
Profit on ordinary activities before taxation	2	135	369
Tax on profit on ordinary activities	5	(27)	(78)
Profit for the financial year		108	291

The company has no other comprehensive income in either the current or prior year.

The result for the year has been derived from continuing activities.

The notes on pages 9 to 14 form an integral part of these financial statements.

Balance sheet
 at 31 March 2016

	Note	2016 £000	2015 £000
Fixed assets			
Investments	6	15,833	15,833
Current assets			
Debtors	7	32,106	17,786
Creditors: amounts falling due within one year	8	(23,532)	(9,320)
Net current assets		8,574	8,466
Net assets		24,407	24,299
Capital and reserves			
Called up share capital	9	3,169	3,169
Share premium account		32,606	32,606
Capital contribution		26,319	26,319
Profit and loss account		(37,687)	(37,795)
Equity Shareholders' funds		24,407	24,299

The notes on pages 9 to 14 form an integral part of these financial statements.

These financial statements were approved by the board of directors 21 December 2016 and were signed on its behalf by:



RG Fraser
 Director

Statement of changes in equity

for the year ended 31 March 2016

	Called up share capital £000	Share premium account £000	Capital contribution £000	Profit and loss account £000	Total equity £000
Balance at 28 March 2014	3,169	32,606	26,319	(38,086)	24,008
Profit for the financial year	-	-	-	291	291
Balance at 2 April 2015	3,169	32,606	26,319	(37,795)	24,299
Profit for the financial year	-	-	-	108	108
Balance at 31 March 2016	3,169	32,606	26,319	(37,687)	24,407

Notes

(forming part of the financial statements)

1 Accounting policies

Macdonald Hotels Investments Limited ('the Company') is a company limited by shares and incorporated and domiciled in UK.

Financial year

These financial statements are drawn up for the 52 weeks ended 31 March 2016.

Basis of preparation

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.

In the transition to FRS 102 from old UK GAAP, the Company has made no measurement and recognition adjustments.

The Company's ultimate parent undertaking, MacDonald Hotels Limited includes the Company in its consolidated financial statements. 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 MacDonald Hotels Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 *Share Based Payments*; and,
- 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. On first time adoption of FRS 102, the Company has not retrospectively changed its accounting under old UK GAAP. The financial statements are prepared on the historical cost basis.

Notes (*continued*)

1 Accounting policies (*continued*)

The financial statements have been prepared on the going concern basis. The day to day working capital requirements of Macdonald Hotels Investments Limited are provided by the ultimate parent undertaking, Macdonald Hotels Limited. The directors of Macdonald Hotels Limited have indicated to the directors of Macdonald Hotels Investments Limited that Macdonald Hotels Limited will continue to provide such funds as are necessary to enable it to continue to trade and to meet its liabilities as they fall due and that Macdonald Hotels Limited will not seek repayment of the amounts currently made available. As with any company placing reliance on other group companies 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.

Based upon the undertaking of financial support outlined above, and after making appropriate enquiries, the directors of Macdonald Hotels Investments Limited have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the company's annual financial statements.

As 100% of the Company's voting rights are controlled within the group headed by Macdonald Hotels Limited, the Company has taken advantage of the exemption contained in FRS 102.33 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Macdonald Hotels Limited, within which this Company is included, can be obtained from Whiteside House, Whiteside Industrial Estate, Bathgate, EH48 2RX.

Investments

Investments in subsidiary undertakings, associates and joint ventures are stated at cost, less amounts written off.

Taxation

The charge for taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Expenses

Interest receivable

Other interest receivable and similar income include interest receivable on funds invested.

2 Profit on ordinary activities before taxation

The audit fee for the year of £4,400 (2015: £4,400) has been borne by the company's parent company.

3 Staff costs and directors' emoluments

The company has no employees other than its directors.

The directors received no remuneration from the company in the current year or preceding period.

Notes (continued)

4 Interest receivable

	2016 £000	2015 £000
Receivable from group undertakings	135	369

5 Taxation

The taxation charge comprises:

	2016 £000	2015 £000
Current tax		
Group relief payable	27	78

Reconciliation of effective tax rate

	Year ended 31 March 2016 £000	Year ended 2 April 2015 £000
Current tax reconciliation		
Profit for the year	108	291
Total tax expense	27	78
Profit excluding taxation	135	369
Tax using the UK corporation tax rate of 20% (2015: 21%)	27	78

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions 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.

Notes (continued)

6 Fixed asset investments

	Shares in subsidiaries	Shares in joint ventures	Loans to joint ventures	Total
	£000	£000	£000	£000
Cost				
At beginning and end of year	132,546	85	3,010	135,641
	<hr/>	<hr/>	<hr/>	<hr/>
Provision				
At beginning and end of year	119,808	-	-	119,808
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At beginning and end of year	12,738	85	3,010	15,833
	<hr/>	<hr/>	<hr/>	<hr/>

At 31 March 2016 the following companies were the principal subsidiaries undertakings. All operate in the UK. All of the entities are included in the consolidation of the parent company, Macdonald Hotels Limited, and are 100% owned unless noted below.

Subsidiaries

Macdonald Hotels (Management) Limited	(iii)
Macdonald Resorts Limited	(ii)
Hill Valley Hotel, Golf and Country Club	(i)
Cardrona Hotel, Golf & Country Club	(i)
(89% ordinary shares owned)	
Macdonald Aviemore Highland Resort Limited	(i)

The nature of the business is as noted:

- (i) Hotels
- (ii) Hotels and Leisure
- (iii) Management Services

Notes (continued)

7 Debtors

	2016 £000	2015 £000
Other debtors and prepayments	42	60
Amounts due from group undertakings	32,064	17,726
	<u>32,106</u>	<u>17,786</u>

Although amounts due from group undertakings are repayable on demand, the company has no plans to demand settlement in the short term.

8 Creditors: amounts falling due within one year

	2016 £000	2015 £000
Group relief payable	27	78
Amounts due to group undertakings	23,505	9,242
	<u>23,532</u>	<u>9,320</u>

9 Called up share capital

	2016 £000	2015 £000
Authorised		
78,000,000 ordinary shares of 5p each	3,900	3,900
	<u>3,900</u>	<u>3,900</u>
Allotted, called up and fully paid		
63,370,864 ordinary shares of 5p each	3,169	3,169
	<u>3,169</u>	<u>3,169</u>

10 Contingent liabilities

The company is party to joint and several guarantees with other group members, including Macdonald Hotels Limited, in respect of bank borrowings. The company's liability in respect of these guarantees at 31 March 2016 amounted to £255 million (2015: £298 million).

The company also has an obligation under the group VAT registration amounting at 31 March 2016 to £1.2 million (2015: £1.8 million).

11 Ultimate parent company

The company's ultimate parent company is Macdonald Hotels Limited which is incorporated in Scotland.

The consolidated financial statements of Macdonald Hotels Limited can be obtained from Whiteside House, Bathgate, West Lothian, EH48 2RX. The only group in which the company's accounts are consolidated is headed by Macdonald Hotels Limited.

Notes (*continued*)

12 Accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

The Company considers whether investments are impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the cash generating units (CGUs). This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows

13 Explanation of transition to FRS 102 from old UK GAAP

As stated in note 1, these are the company's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 March 2016 and the comparative information presented in these financial statements for the year ended 2 April 2015.

In preparing its FRS 102 balance sheet, the Company has made no adjustments to the amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP).