

**Macdonald Hotels Investments Limited**

Directors' report and financial statements

Registered number SC125204

30 March 2017



TUESDAY



\*S6HRCCE1\*

SCT

24/10/2017

#16

COMPANIES HOUSE

## **Contents**

Company information	1
Strategic report	2
Directors' report	3
Statement of directors' responsibilities in respect of the Annual Report and the financial statements	4
Independent auditor's report to the members of Macdonald Hotels Investments Limited	5
Profit and loss account	6
Balance sheet	7
Statement of changes in equity	8
Notes	9

## **Company information**

Directors	RG Fraser R Macdonald J McBurnie (appointed 17 February 2017)
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 30 March 2017.

### **Principal activities**

The company is a holding company for companies operating hotels.

### **Business review**

The financial results for the year ended 30 March 2017 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



**J McBurnie**  
*Director*

Whiteside House  
Bathgate  
West Lothian  
EH48 2RX

27 July 2017

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 March 2017.

### Dividend

Dividends paid during the year comprise interim dividends of £nil in respect of the year ended 30 March 2017 (2016: £nil). The directors do not recommend the payment of a final dividend (2016: £nil).

### Directors

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

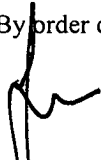
### Disclosure of information to auditor

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



**J McBurnie**  
Director

Whiteside House  
Bathgate  
West Lothian  
EH48 2RX

27 July 2017

## **Statement of directors' responsibilities in respect of the Annual Report and the financial statements**

The directors are responsible for preparing the Annual 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

## **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 30 March 2017 set out on pages 6 to 13. 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](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 30 March 2017 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 for the financial year 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.

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

31 July 2017

**Profit and loss account**  
*for the year ended 30 March 2017*

	<i>Note</i>	<b>2017</b> <b>£000</b>	2016 £000
Interest receivable	4	<b>383</b>	135
<b>Profit on ordinary activities before taxation</b>		<b>383</b>	135
Tax on profit on ordinary activities	5	(77)	(27)
<b>Profit for the financial year</b>		<b>306</b>	108

The company has no other comprehensive income for the periods presented.

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

The notes on pages 9 to 13 form an integral part of these financial statements.



**Balance sheet**  
*at 30 March 2017*

	<i>Note</i>	<b>2017</b> <b>£000</b>	<b>£000</b>	<b>2016</b> <b>£000</b>	<b>£000</b>
<b>Fixed assets</b>					
Investments	6		15,833		15,833
<b>Current assets</b>					
Debtors	7	32,172		32,106	
<b>Creditors: amounts falling due within one year</b>	8	<b>(23,292)</b>		<b>(23,532)</b>	
<b>Net current assets</b>			<b>8,880</b>		<b>8,574</b>
<b>Net assets</b>			<b>24,713</b>		<b>24,407</b>
<b>Capital and reserves</b>					
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		(37,381)		(37,687)	
<b>Equity Shareholders' funds</b>			<b>24,713</b>		<b>24,407</b>

The notes on pages 9 to 13 form an integral part of these financial statements.

These financial statements were approved by the board of directors 27 July 2017 and were signed on its behalf by:



**J McBurnie**  
*Director*

**Statement of changes in equity**  
*for the year ended 30 March 2017*

	Called up share capital	Share premium account	Capital contribution	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
<b>Balance at 2 April 2015</b>	<b>3,169</b>	<b>32,606</b>	<b>26,319</b>	<b>(37,795)</b>	<b>24,299</b>
Profit for the financial year	-	-	-	108	108
<b>Balance at 31 March 2016</b>	<b>3,169</b>	<b>32,606</b>	<b>26,319</b>	<b>(37,687)</b>	<b>24,407</b>
Profit for the financial year	-	-	-	306	306
<b>Balance at 30 March 2017</b>	<b>3,169</b>	<b>32,606</b>	<b>26,319</b>	<b>(37,381)</b>	<b>24,713</b>

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### *Financial year*

These financial statements are drawn up for the 52 weeks ended 30 March 2017.

#### *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 2016 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 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..

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.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Basis of preparation (continued)*

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.

### 2 Expenses and auditor's remuneration

The audit fee for the year of £4,400 (2016: £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.

### 4 Interest receivable

	2017 £000	2016 £000
Receivable from group undertakings	383	135

## Notes (continued)

### 5 Taxation

The taxation charge comprises:

	2017 £000	2016 £000
<i>Current tax</i>		
Group relief payable	77	27

#### Reconciliation of effective tax rate

	Year ended 30 March 2017 £000	Year ended 2 April 2016 £000
<i>Current tax reconciliation</i>		
Profit for the year	306	108
Total tax expense	77	27
Profit excluding taxation	383	135
Tax using the UK corporation tax rate of 20% (2016: 20%)	77	27

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was 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 and 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 £000	Capital contribution £000	Shares in joint ventures £000	Loans to joint ventures £000	Total £000
<b>Cost</b>					
At beginning and end of year	14,282	118,264	85	3,010	135,641
<b>Provision</b>					
At beginning and end of year	1,544	118,264	-	-	119,808
<b>Net book value</b>					
At beginning and end of year	12,738	-	85	3,010	15,833

At 30 March 2017 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)	Whiteside Industrial Estate, Bathgate, West Lothian, EH48 2RX
Macdonald Resorts Limited	(ii)	1 Exchange Crescent, Conference Square, Edinburgh EH3 8UL
Hill Valley Hotel, Golf and Country Club	(i)	Level 13 Broadgate Tower, 20 Primrose Street, London, EC2A 2EW
Cardrona Hotel, Golf & Country Club (89% ordinary shares owned)	(i)	Whiteside Industrial Estate, Bathgate, West Lothian, EH48 2RX
Macdonald Aviemore Highland Resort Limited	(i)	Whiteside Industrial Estate, Bathgate, West Lothian, EH48 2RX

The nature of the business is as noted:

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

### 7 Debtors

	2017 £000	2016 £000
Other debtors and prepayments	108	42
Amounts due from group undertakings	32,064	32,064
	<u>32,172</u>	<u>32,106</u>

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

## Notes (continued)

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

	2017 £000	2016 £000
Group relief payable	77	27
Amounts due to group undertakings	23,215	23,505
	<u>23,292</u>	<u>23,532</u>

### 9 Called up share capital

	2017 £000	2016 £000
<i>Authorised</i>		
78,000,000 ordinary shares of 5p each	3,900	3,900
	<u>3,900</u>	<u>3,900</u>
<i>Allotted, called up and fully paid</i>		
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 30 March 2017 amounted to £242 million (2016: £255 million).

The company also has an obligation under the group VAT registration amounting at 30 March 2017 to £1.4 million (2016: £1.2 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.