

REGISTERED NUMBER: SC333116 (Scotland)

**Group Strategic Report, Report of the Directors and  
Consolidated Financial Statements for the Year Ended 31 March 2017**  
for  
**WELLS HOTELS LIMITED**



**WELLS HOTELS LIMITED (REGISTERED NUMBER: SC333116)**

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for the Year Ended 31 March 2017**

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**WELLS HOTELS LIMITED**

**Company Information  
for the Year Ended 31 March 2017**

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**Directors:** N Wells  
I Wells  
M Wells

**Registered office:** School Road  
Gartocharn  
Alexandria  
Dunbartonshire  
G83 8RW

**Registered number:** SC333116 (Scotland)

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

**Group Strategic Report  
for the Year Ended 31 March 2017**

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The directors present their strategic report of the company and the group for the year ended 31 March 2017.

**Review of business**

The company acts as a holding company and the principal activity of the group during the year continued to be that of proprietor of hotels and tour operator. The group arranges coach tours based around its hotels in Scotland.

**Financial key performance indicators**

Financial performance during the year can be analysed as follows:

Financial performance	31 March 2017	31 March 2016
Turnover (£000)	21,530	22,084
Operating profit (£000)	1,192	1,141

**Turnover**

The group's level of turnover £21.5m was very similar to the previous year £22.1m, a positive result given that Loch Long hotel was sold in October and the competitive nature of the market in which the company operates. The sale of Loch Long was part of the long-term strategy once Ardgartan was fully operational.

**Operating costs**

Overheads were broadly at the same level as the previous year, and the group continued its policy of maintaining the standards of its hotels with an increased spend on renovations. The group made a loss of £72k (2016 - profit £61k) on the sale of surplus property.

**Financing**

The group has no external funding.

**Principal risks and uncertainties**

The group faces a number of risks and uncertainties. In response to this the directors have implemented a risk management system to monitor and mitigate these risks.

General economic conditions throughout the year continued to be difficult and the maintained level of turnover in the year reflects the value of the holidays provided. Costs are carefully monitored to ensure supplier inflation is minimised.

**Future developments**

The directors anticipate the business environment will remain competitive. The group will continue with its ongoing reinvestment in its properties. The group is in a strong financial position and the directors remain confident that the group can maintain its financial performance.

**Financial instruments**

The group has a normal exposure to price, credit, liquidity and cash flow risks arising from trading activities which are only conducted in sterling. The group does not enter into any hedging transactions.

The group holds significant levels of cash at bank. Interest rate movements may affect the level of income receivable.

The group has funds invested in the stock market which are exposed to fluctuations in share price. Professional investment managers have been appointed to monitor the investments and reduce the risk associated with such investments.

**On behalf of the board:**



N Wells - Director

14 November 2017

**Report of the Directors  
for the Year Ended 31 March 2017**

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The directors present their report with the financial statements of the company and the group for the year ended 31 March 2017.

**Dividends**

The group paid total dividends for year ended 31 March 2017 of £380,000 (£0.127 per ordinary share). No dividends were paid on the Ordinary A or preference shares.

**Directors**

The directors shown below have held office during the whole of the period from 1 April 2016 to the date of this report.

N Wells  
I Wells  
M Wells

**Disclosure in the strategic report**

The group has chosen in accordance with s414C(11) Companies Act 2006 to set out in the group's strategic report information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the directors' report. It has done so in respect of future developments and financial instruments.

**Statement of directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Statement as to disclosure of information to auditors**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

**Auditors**

The auditors, James Anderson & Co, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**On behalf of the board:**



N Wells - Director

14 November 2017

**Report of the Independent Auditors to the Members of  
Wells Hotels Limited**

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We have audited the financial statements of Wells Hotels Limited for the year ended 31 March 2017 on pages five to twenty two. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

**Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Group Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2017 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit, the information given in the Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements, and has been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the group and the parent company and its environment, we have not identified any material misstatements in the Group Strategic Report or the Report of the Directors.

**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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



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

14 November 2017

**WELLS HOTELS LIMITED (REGISTERED NUMBER: SC333116)**

**Consolidated Statement of Comprehensive Income  
for the Year Ended 31 March 2017**

		<b>2017</b>	<b>2016</b>
	<b>Notes</b>	<b>£</b>	<b>as restated £</b>
Turnover	3	21,530,447	22,083,941
Cost of sales		17,132,524	17,754,130
<b>Gross profit</b>		<b>4,397,923</b>	<b>4,329,811</b>
Administrative expenses		3,533,098	3,188,654
		864,825	1,141,157
Other operating income		326,679	10,000
<b>Operating profit</b>	5	<b>1,191,504</b>	<b>1,151,157</b>
Interest receivable and similar income	6	196,105	11,468
		1,387,609	1,162,625
Interest payable and similar expenses	7	2,751	3,231
<b>Profit before taxation</b>		<b>1,384,858</b>	<b>1,159,394</b>
Tax on profit	8	226,453	239,711
<b>Profit for the financial year</b>		<b>1,158,405</b>	<b>919,683</b>
<b>Other comprehensive income</b>			
Issue of bonus shares		-	(2,988,000)
Income tax relating to other comprehensive income		-	-
<b>Other comprehensive income For the year, net of income tax</b>		<b>-</b>	<b>(2,988,000)</b>
<b>Total comprehensive income for the year</b>		<b>1,158,405</b>	<b>(2,068,317)</b>
Profit/(loss) attributable to: Owners of the parent		1,158,405	919,683
Total comprehensive income attributable to: Owners of the parent		1,158,405	(2,068,317)

The notes form part of these financial statements

WELLS HOTELS LIMITED (REGISTERED NUMBER: SC333116)

Consolidated Balance Sheet  
31 March 2017

		2017	2016
	Notes	£	as restated £
<b>Fixed assets</b>			
Tangible assets	12	24,740,339	26,193,401
Investments	13	-	-
		<u>24,740,339</u>	<u>26,193,401</u>
<b>Current assets</b>			
Stocks	14	84,689	99,679
Debtors	15	714,478	999,647
Investments	16	1,695,459	509,968
Cash at bank and in hand		1,507,838	1,698,375
		<u>4,002,464</u>	<u>3,307,669</u>
<b>Creditors</b>			
Amounts falling due within one year	17	(4,996,731)	(6,117,685)
<b>Net current liabilities</b>		<u>(994,267)</u>	<u>(2,810,016)</u>
<b>Total assets less current liabilities</b>		<u>23,746,072</u>	<u>23,383,385</u>
<b>Creditors</b>			
Amounts falling due after more than one year	18	(3,500,000)	(3,903,069)
<b>Provisions for liabilities</b>	21	<u>(187,779)</u>	<u>(204,428)</u>
<b>Net assets</b>		<u><u>20,058,293</u></u>	<u><u>19,275,888</u></u>
<b>Capital and reserves</b>			
Called up share capital	22	3,001,250	3,000,000
Share premium	23	2,750	-
Retained earnings	23	17,054,293	16,275,888
<b>Shareholders' funds</b>		<u><u>20,058,293</u></u>	<u><u>19,275,888</u></u>

The financial statements were approved by the Board of Directors on 14 November 2017 and were signed on its behalf by:



N Wells - Director

The notes form part of these financial statements



WELLS HOTELS LIMITED (REGISTERED NUMBER: SC333116)

Company Balance Sheet  
31 March 2017

		2017	2016
	Notes	£	as restated £
<b>Fixed assets</b>			
Tangible assets	12	-	-
Investments	13	17,747,440	17,747,440
		<u>17,747,440</u>	<u>17,747,440</u>
<b>Current assets</b>			
Cash at bank		1,228	1,258
<b>Creditors</b>			
Amounts falling due within one year	17	(930,070)	(1,965,812)
<b>Net current liabilities</b>		<u>(928,842)</u>	<u>(1,964,554)</u>
<b>Total assets less current liabilities</b>		16,818,598	15,782,886
<b>Creditors</b>			
Amounts falling due after more than one year	18	(3,500,000)	(3,520,800)
<b>Net assets</b>		<u>13,318,598</u>	<u>12,262,086</u>
<b>Capital and reserves</b>			
Called up share capital	22	3,001,250	3,000,000
Share premium	23	5,649,950	5,647,200
Retained earnings	23	4,667,398	3,614,886
<b>Shareholders' funds</b>		<u>13,318,598</u>	<u>12,262,086</u>
<b>Company's profit for the financial year</b>		<u>1,432,512</u>	<u>777,701</u>

The financial statements were approved by the Board of Directors on 14 November 2017 and were signed on its behalf by:



N Wells - Director

The notes form part of these financial statements

**WELLS HOTELS LIMITED (REGISTERED NUMBER: SC333116)**

**Consolidated Statement of Changes in Equity  
for the Year Ended 31 March 2017**

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Share premium £</b>	<b>Total equity £</b>
<b>Balance at 1 April 2015</b>	12,000	18,544,205	-	18,556,205
<b>Changes in equity</b>				
Issue of share capital	2,988,000	-	-	2,988,000
Dividends	-	(200,000)	-	(200,000)
Total comprehensive income	-	(2,068,317)	-	(2,068,317)
<b>Balance at 31 March 2016</b>	<u>3,000,000</u>	<u>16,275,888</u>	<u>-</u>	<u>19,275,888</u>
<b>Changes in equity</b>				
Issue of share capital	1,250	-	2,750	4,000
Dividends	-	(380,000)	-	(380,000)
Total comprehensive income	-	1,158,405	-	1,158,405
<b>Balance at 31 March 2017</b>	<u>3,001,250</u>	<u>17,054,293</u>	<u>2,750</u>	<u>20,058,293</u>

The notes form part of these financial statements

**WELLS HOTELS LIMITED (REGISTERED NUMBER: SC333116)****Company Statement of Changes in Equity  
for the Year Ended 31 March 2017**

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Share premium £</b>	<b>Total equity £</b>
<b>Balance at 1 April 2015</b>	12,000	6,025,185	5,647,200	11,684,385
<b>Changes in equity</b>				
Issue of share capital	2,988,000	-	-	2,988,000
Dividends	-	(200,000)	-	(200,000)
Total comprehensive income	-	(2,210,299)	-	(2,210,299)
<b>Balance at 31 March 2016</b>	<u>3,000,000</u>	<u>3,614,886</u>	<u>5,647,200</u>	<u>12,262,086</u>
<b>Changes in equity</b>				
Issue of share capital	1,250	-	2,750	4,000
Dividends	-	(380,000)	-	(380,000)
Total comprehensive income	-	1,432,512	-	1,432,512
<b>Balance at 31 March 2017</b>	<u>3,001,250</u>	<u>4,667,398</u>	<u>5,649,950</u>	<u>13,318,598</u>

The notes form part of these financial statements

WELLS HOTELS LIMITED (REGISTERED NUMBER: SC333116)

Consolidated Cash Flow Statement  
for the Year Ended 31 March 2017

		2017	2016
		£	as restated £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	1,430,065	966,075
Interest paid		(2,751)	(3,231)
Tax paid		(54,363)	(322,697)
Net cash from operating activities		<u>1,372,951</u>	<u>640,147</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(186,714)	(459,193)
Sale of tangible fixed assets		829,866	663,965
Purchase of investment		(1,607,911)	(500,000)
Sales of investments		648,468	-
Interest received		150,070	9,535
Dividends received		11,990	1,933
Net cash from investing activities		<u>(154,231)</u>	<u>(283,760)</u>
<b>Cash flows from financing activities</b>			
Amount introduced by directors		401,200	221,200
Amount withdrawn by directors		(1,434,457)	(747,202)
Share issue		4,000	-
Equity dividends paid		(380,000)	(200,000)
Net cash from financing activities		<u>(1,409,257)</u>	<u>(726,002)</u>
<b>Decrease in cash and cash equivalents</b>		<u>(190,537)</u>	<u>(369,615)</u>
<b>Cash and cash equivalents at beginning of year</b>	2	<u>1,698,375</u>	<u>2,067,990</u>
<b>Cash and cash equivalents at end of year</b>	2	<u><u>1,507,838</u></u>	<u><u>1,698,375</u></u>

The notes form part of these financial statements

Notes to the Consolidated Cash Flow Statement  
for the Year Ended 31 March 2017

## 1. Reconciliation of profit before taxation to cash generated from operations

	2017	2016 as restated
	£	£
Profit before taxation	1,384,858	1,159,394
Depreciation charges	738,003	774,469
Loss/(profit) on disposal of fixed assets	71,903	(61,015)
Increase in value of investment	(191,999)	(9,968)
Finance costs	2,751	3,231
Finance income	(196,105)	(11,468)
	<u>1,809,411</u>	<u>1,854,643</u>
Decrease/(increase) in stocks	14,990	(3,079)
Decrease/(increase) in trade and other debtors	285,169	(668,805)
Decrease in trade and other creditors	(679,505)	(216,684)
	<u>1,430,065</u>	<u>966,075</u>
<b>Cash generated from operations</b>	<u>1,430,065</u>	<u>966,075</u>

## 2. Cash and cash equivalents

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

## Year ended 31 March 2017

	31/3/17	1/4/16
	£	£
Cash and cash equivalents	<u>1,507,838</u>	<u>1,698,375</u>

## Year ended 31 March 2016

	31/3/16	1/4/15
	£	£
Cash and cash equivalents	<u>1,698,375</u>	<u>2,067,990</u>

**Notes to the Consolidated Financial Statements  
for the Year Ended 31 March 2017**

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**1. Statutory information**

Wells Hotels Limited is a private company, limited by shares, registered in Scotland. The company's registered number and registered office address can be found on the General Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

**2. Accounting policies**

**Basis of preparing the financial statements**

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

**Significant judgements and estimates**

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

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

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

**Basis of consolidation**

The consolidated financial statements include the financial statements of the company and its subsidiary undertaking made up to 31 March 2017. The acquisition method of accounting has been adopted.

Under section 408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account.

**Turnover**

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

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

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

**2. Accounting policies - continued**

**Tangible fixed assets**

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

Depreciation is calculated to write off the cost of tangible fixed assets less their estimated residual value over their estimated useful lives on the undernoted basis:

Hotel properties 50 years  
Motor vehicles 25% reducing balance  
Fixtures & equipment 15% reducing balance

**Impairment**

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

**Stocks**

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

**Debtors and creditors receivable/payable within one year**

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

**Bank and cash**

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

**Taxation**

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

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

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

**Pension costs and other post-retirement benefits**

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

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 March 2017

## 2. Accounting policies - continued

**Government grants**

A grant which specifies performance conditions is recognised as income to the extent that the performance conditions have been satisfied. A grant received in advance of the performance conditions being satisfied is recognised as a liability. A grant which has no performance conditions is recognised as income when the amount becomes receivable.

The company changed its accounting policy during the year to recognise all grants receivable on the performance basis. In previous years grants receivable in respect of tangible fixed assets were treated as deferred credit and were released to the profit and loss account over the estimated useful life of the assets.

As a result of the change in accounting policy a grant balance of £326,679 for the construction of a hotel has been recognised as income in the year ended 31 March 2017. This grant had previously been amortised at £10,000 per annum. The grant terms were satisfied several years ago and the new policy ensures that the company is not showing a liability where there is no possibility of repayment arising.

**Operating leases**

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

**Investments**

The investment in the subsidiary is recognised at cost.

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

**Share based payment**

The cost and corresponding increase in equity in respect of equity-settled share-based payment transactions with employees are measured by reference to the fair value of equity instruments issued at the date of grant. Amounts are expensed on a straight line basis over the vesting period based on the estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions. The cost and fair value of the liability incurred in respect of cash-settled transactions is measured using an appropriate option pricing model with changes in fair value recognised in profit or loss for the period.

**Prior year adjustment**

The company has re-classified its preference shares from equity to long term liabilities on the basis that the preference shares are redeemable at the discretion of the holder and not the company.

## 3. Turnover

The total turnover of the group for the year £21,530,447 (2016: £22,083,941) has been derived from its principal activity of hotels and tours wholly undertaken in the United Kingdom.

## 4. Employees and directors

	2017	2016 as restated
	£	£
Wages and salaries	4,190,695	4,009,844
Social security costs	331,269	249,398
Other pension costs	169,798	72,411
	<u>4,691,762</u>	<u>4,331,653</u>



Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 March 2017

## 4. Employees and directors - continued

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

	2017	2016 as restated
Working directors	2	2
Resident managers	11	12
Administration	20	20
Hotel staff etc.	199	214
	<u>232</u>	<u>248</u>

The average number of employees by undertakings that were proportionately consolidated during the year was 232.

	2017	2016 as restated
	£	£
Directors' remuneration	221,027	89,755
Directors' pension contributions to money purchase schemes	<u>102,604</u>	<u>10,832</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>2</u>	<u>2</u>
------------------------	----------	----------

Information regarding the highest paid director for the year ended 31 March 2017 is as follows:

	2017
	£
Emoluments etc	154,826
Pension contributions to money purchase schemes	<u>92,604</u>

## 5. Operating profit

	2017	2016 as restated
	£	£
Depreciation - owned assets	738,003	774,469
Loss/(profit) on disposal of fixed assets	71,903	(61,015)
Auditors' remuneration	11,550	11,000
Release of grant	<u>(326,679)</u>	<u>-</u>

## 6. Interest receivable and similar income

	2017	2016 as restated
	£	£
Investment income	27,144	4,122
Gains on investments sold	40,557	-
Increase in investments	<u>128,404</u>	<u>7,346</u>
	<u>196,105</u>	<u>11,468</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 March 2017

## 7. Interest payable and similar expenses

	2017	2016 as restated
	£	£
Bank interest	1,751	1,488
Other interest	-	303
Interest payable	1,000	1,440
	<u>2,751</u>	<u>3,231</u>

## 8. Taxation

## Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2017	2016 as restated
	£	£
Current tax:		
UK corporation tax	243,102	238,175
Deferred tax	(16,649)	1,536
Tax on profit	<u>226,453</u>	<u>239,711</u>

## Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2017	2016 as restated
	£	£
Profit before tax	<u>1,384,858</u>	<u>1,159,394</u>
Profit multiplied by the standard rate of corporation tax in the UK of 20% (2016 - 20%)	276,972	231,879
Effects of:		
Expenses not deductible for tax purposes	21,040	23,199
Income not taxable for tax purposes	(65,336)	(2,000)
Adjustments to tax charge in respect of previous periods	3,660	(3,891)
Change in tax rate	(9,883)	(9,476)
Total tax charge	<u>226,453</u>	<u>239,711</u>

## Tax effects relating to effects of other comprehensive income

There were no tax effects for the year ended 31 March 2017.

	Gross £	2016 Tax £	Net £
Issue of bonus shares	<u>(2,988,000)</u>	<u>-</u>	<u>(2,988,000)</u>

## 9. Individual statement of comprehensive income

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements.

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 March 2017

## 10. Dividends

	2017	2016 as restated
	£	£
Ordinary shares of £1 each		
Final	380,000	200,000

## 11. Prior year adjustment

The company has re-classified its preference shares from equity to long term liabilities on the basis that the preference shares are redeemable at the discretion of the holder and not the company.

## 12. Tangible fixed assets

## Group

	Freehold property £	Fixtures & equipment £	Motor vehicles £	Totals £
<b>Cost</b>				
At 1 April 2016	25,810,488	7,441,770	324,941	33,577,199
Additions	-	186,714	-	186,714
Disposals	(951,901)	(419,449)	(13,013)	(1,384,363)
At 31 March 2017	24,858,587	7,209,035	311,928	32,379,550
<b>Depreciation</b>				
At 1 April 2016	2,994,260	4,290,248	99,294	7,383,802
Charge for year	184,849	496,032	57,122	738,003
Written back on disposals	(115,960)	(361,451)	(5,183)	(482,594)
At 31 March 2017	3,063,149	4,424,829	151,233	7,639,211
<b>Net book value</b>				
At 31 March 2017	21,795,438	2,784,206	160,695	24,740,339
At 31 March 2016	22,816,228	3,151,522	225,647	26,193,397

## 13. Fixed asset investments

## Company

	Shares in group undertakings £
<b>Cost</b>	
At 1 April 2016 and 31 March 2017	17,747,440
<b>Net book value</b>	
At 31 March 2017	17,747,440
At 31 March 2016	17,747,440

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

## Subsidiary

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 March 2017

## 13. Fixed asset investments - continued

**M F Wells (Hotels) Limited**

Registered office: School Road, Gartocharn, G83 8RW.

Nature of business: Hotel proprietor &amp; tour operator

Class of shares:	% holding	2017	2016
Ordinary	100.00	£	£
Aggregate capital and reserves		24,437,135	24,761,242
Profit for the year		1,159,405	921,123

## 14. Stocks

	2017	Group 2016 as restated
	£	£
Bar and catering stock	84,689	99,679

## 15. Debtors: amounts falling due within one year

	2017	Group 2016 as restated
	£	£
Trade debtors	1,582	73,943
Other debtors	496,823	693,970
Prepayments	216,073	231,734
	714,478	999,647

## 16. Current asset investments

	2017	Group 2016 as restated
	£	£
Listed investments	1,695,459	509,968

Market value of listed investments held by the group at 31 March 2017 - £1,695,459 (2016 - £509,968).

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 March 2017

## 17. Creditors: amounts falling due within one year

	Group		Company	
	2017	2016 as restated	2017	2016 as restated
	£	£	£	£
Trade creditors	533,898	642,727	-	-
Amounts owed to group undertakings	-	-	65,234	69,264
Corporation tax	239,162	50,423	-	-
Taxation and social security	64,261	55,628	-	-
Other creditors	239,241	267,303	239,241	260,943
Directors' current accounts	668,338	1,635,605	625,595	1,635,605
Accruals	71,231	155,891	-	-
Deferred income	3,180,600	3,310,108	-	-
	<u>4,996,731</u>	<u>6,117,685</u>	<u>930,070</u>	<u>1,965,812</u>

The directors' loan accounts are unsecured, interest free and carry no schedule of repayment.

## 18. Creditors: amounts falling due after more than one year

	Group		Company	
	2017	2016 as restated	2017	2016 as restated
	£	£	£	£
Preference shares (see note 19)	3,500,000	3,500,000	3,500,000	3,500,000
Other creditors	-	337,079	-	10,400
Directors' loan accounts	-	65,990	-	10,400
	<u>3,500,000</u>	<u>3,903,069</u>	<u>3,500,000</u>	<u>3,520,800</u>

## 19. Loans

An analysis of the maturity of loans is given below:

	Group		Company	
	2017	2016 as restated	2017	2016 as restated
	£	£	£	£
Amounts falling due between one and two years:				
Preference shares	<u>3,500,000</u>	<u>3,500,000</u>	<u>3,500,000</u>	<u>3,500,000</u>

Details of shares shown as liabilities are as follows:

## Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2017	2016 as restated
			£	£
3,500,000	Preference shares	£1	<u>3,500,000</u>	<u>3,500,000</u>

The company has re-classified its preference shares from equity to long term liabilities on the basis that the preference shares are redeemable at the discretion of the holder and not the company. The holder has advised that they will not seek repayment of their loan balances falling due after more than one year within a year of the balance sheet date.

## 20. Leasing agreements

Minimum lease payments fall due as follows:

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 March 2017

Group	Non-cancellable operating leases	
	2017	2016 as restated
	£	£
Within one year	22,944	22,944
Between one and five years	1,912	24,856
	<u>24,856</u>	<u>47,800</u>

## 21. Provisions for liabilities

Group	Group	
	2017	2016 as restated
	£	£
Deferred tax	<u>187,779</u>	<u>204,428</u>
Deferred tax		
		£
Balance at 1 April 2016		204,428
Credit to Statement of Comprehensive Income during year		(16,649)
Balance at 31 March 2017		<u>187,779</u>

Deferred taxation is fully provided at the current rate of corporation tax on the excess of the net book value of those assets qualifying for taxation allowance over their written down values for taxation purposes.

## 22. Called up share capital

## Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2017	2016 as restated
			£	£
3,000,000	Ordinary	£1	3,000,000	3,000,000
125,000	Ordinary A	£0.01	1,250	-
			<u>3,001,250</u>	<u>3,000,000</u>

125,000 Ordinary A shares of £0.01 each were allotted and fully paid for cash at par during the year.

## 23. Reserves

Group			
	Retained earnings £	Share premium £	Totals £
At 1 April 2016	16,275,888	-	16,275,888
Profit for the year	1,158,405		1,158,405
Dividends	(380,000)		(380,000)
Cash share issue	-	2,750	2,750
At 31 March 2017	<u>17,054,293</u>	<u>2,750</u>	<u>17,057,043</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 March 2017

## 23. Reserves - continued

## Company

	Retained earnings £	Share premium £	Totals £
At 1 April 2016	3,614,886	5,647,200	9,262,086
Profit for the year	1,432,512		1,432,512
Dividends	(380,000)		(380,000)
Cash share issue	-	2,750	2,750
At 31 March 2017	<u>4,667,398</u>	<u>5,649,950</u>	<u>10,317,348</u>

Retained earnings represent cumulative profits and losses net of dividends and other adjustments.

Share premium is the excess amount received by the company over the par value of its shares.

## 24. Related party disclosures

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

	2017 £	2016 £
Management charge raised	2,600,000	2,600,000
Tour transport purchased	7,006,575	7,425,241
Debit/(Credit) balance at 31 March	398,299	(94,600)

Key management personnel remuneration in the year totalled £697,643 (2016: £434,120).

## Loans received from directors

	Total £
Balances due 31 March 2016	1,681,195
Introduced in year	400,800
Repaid in year	(1,424,057)
Balances due 31 March 2017	<u>657,938</u>

## Loan notes held by directors

	Total £
Balance due 31 March 2016	40,800
Repaid in year	(20,000)
Balance due 31 March 2017	<u>20,800</u>

## Loan received from a trust in which the directors are trustees

	Total £
Balance due 31 March 2016	162,703
Repaid in year	(22,302)
Balance due 31 March 2017	<u>140,401</u>

## 25. Ultimate controlling party

The company is under the control of N Wells & I Wells who each own 50% of the issued share capital.

**26. Share-based payment transactions**

During the year two employees were issued shares on an equity settled basis under an employee shareholder arrangement with a market value of £4,000 in Wells Hotels Limited, the parent company of M F Wells (Hotels) Limited. This was the fair value at the date of award.

**27. Pension scheme**

The group operates a money purchased (defined contribution) pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents a contribution payable by the group to the fund and amounted to £169,708 (2016 - £72,411).