

REGISTERED NUMBER: SC333116 (Scotland)

**Group Strategic Report, Report of the Directors and  
Consolidated Financial Statements for the Year Ended 31 March 2020  
for  
WELLS HOTELS LIMITED**



COMPANIES HOUSE

**31 MAR 2021**

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

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for the Year Ended 31 March 2020**

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**WELLS HOTELS LIMITED**

**Company Information  
for the Year Ended 31 March 2020**

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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

## WELLS HOTELS LIMITED

### Group Strategic Report for the Year Ended 31 March 2020

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The directors present their strategic report of the company and the group for the year ended 31 March 2020.

#### 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 a coach tour operator arranging tours based around its hotels in Scotland. During the year the group continued to experience strong demand for its tours.

#### Financial key performance indicators

Financial performance during the year can be analysed as follows:

Financial performance	31 March 2020	31 March 2019
Turnover (£000)	21,072	22,079
Profit before tax (£000)	1,518	1,172

#### Turnover

The group's level of turnover decreased by 4.6% to £21.1m (2019 - £22.1m) as a result of being closed in late March due to the Covid 19 pandemic..

#### Operating costs

Underlying overheads before repairs were broadly at the same level as the previous year, and the group continued its policy of reinvestment in the hotels to maintain the standard of its properties.

#### 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.

The hospitality sector has been significantly impacted by the outbreak of Covid-19, with the group required to close all six hotels. However, as a result of prudent measures taken by the directors to protect the assets of the group, including placing relevant staff members on furlough and liquidating its investment portfolio, the group is well placed to resume trading operations once it is deemed safe to do so.

The directors are also confident that the group is in a strong position to deal with any challenges arising from Brexit.

#### Future developments

The group is in a strong financial position with no external debt. The directors are confident that the group is well placed for the much changed market once the Covid 19 restrictions are lifted and it is able to safely reopen its hotels.

## **WELLS HOTELS LIMITED**

### **Group Strategic Report for the Year Ended 31 March 2020**

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#### **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.

Following the liquidation of the company's investment portfolio the company holds significant levels of cash at bank. Funds are placed on short term deposit with more than one bank in order to diversify risk and secure a sufficient return whilst preserving liquidity. Interest rate movements may affect the level of income receivable.

**On behalf of the board:**

A handwritten signature in black ink, appearing to be 'N Wells', written over a horizontal line.

N Wells - Director

26 March 2021

## WELLS HOTELS LIMITED

### Report of the Directors for the Year Ended 31 March 2020

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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 2020.

#### Dividends

In August 2019 Wells Hotels Limited paid a dividend for the year ended 31 March 2020 of £25,000, being £0.20 per ordinary A share. No dividend was paid on the ordinary or preference shares.

#### Directors

The directors shown below have held office during the whole of the period from 1 April 2019 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

26 March 2021

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

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### **Opinion**

We have audited the financial statements of Wells Hotels Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2020 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, 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).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 31 March 2020 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.

### **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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

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

In our opinion, based on the work undertaken in the course of the 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
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

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

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### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

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.

### Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

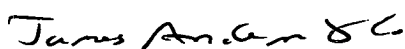
### Auditors' responsibilities for the audit of the financial statements

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 a Report of the Auditors 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

### 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 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.



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

29 March 2021



# WELLS HOTELS LIMITED

## Consolidated Statement of Comprehensive Income for the Year Ended 31 March 2020

	Notes	2020 £	2019 £
Turnover	3	21,071,688	22,078,941
Cost of sales		16,737,443	17,032,228
<b>Gross profit</b>		4,334,245	5,046,713
Administrative expenses		3,084,371	3,950,070
		1,249,874	1,096,643
Other operating income		43,372	-
<b>Operating profit</b>	5	1,293,246	1,096,643
Interest receivable and similar income	6	224,717	75,614
		1,517,963	1,172,257
Interest payable and similar expenses	7	-	451
<b>Profit before taxation</b>		1,517,963	1,171,806
Tax on profit	8	425,928	251,359
<b>Profit for the financial year</b>		1,092,035	920,447
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the year</b>		1,092,035	920,447
Profit attributable to: Owners of the parent		1,092,035	920,447
Total comprehensive income attributable to: Owners of the parent		1,092,035	920,447

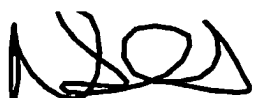
The notes form part of these financial statements

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

**Consolidated Balance Sheet  
31 March 2020**

	Notes	2020 £	2019 £
<b>Fixed assets</b>			
Tangible assets	11	22,797,418	23,805,392
Investments	12	-	-
Investment property	13	203,598	203,598
		<u>23,001,016</u>	<u>24,008,990</u>
<b>Current assets</b>			
Stocks	14	-	83,461
Debtors	15	793,015	892,331
Investments	16	-	3,053,481
Cash at bank and in hand		5,321,469	2,492,378
		<u>6,114,484</u>	<u>6,521,651</u>
<b>Creditors</b>			
Amounts falling due within one year	17	(3,118,064)	(5,596,503)
<b>Net current assets</b>		<u>2,996,420</u>	<u>925,148</u>
<b>Total assets less current liabilities</b>		<u>25,997,436</u>	<u>24,934,138</u>
<b>Creditors</b>			
Amounts falling due after more than one year	18	(3,500,000)	(3,500,000)
<b>Provisions for liabilities</b>	21	(182,536)	(186,273)
<b>Net assets</b>		<u><u>22,314,900</u></u>	<u><u>21,247,865</u></u>
<b>Capital and reserves</b>			
Called up share capital	22	3,001,250	3,001,250
Share premium	23	2,750	2,750
Retained earnings	23	19,310,900	18,243,865
<b>Shareholders' funds</b>		<u><u>22,314,900</u></u>	<u><u>21,247,865</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 26 March 2021 and were signed on its behalf by:



N Wells - Director

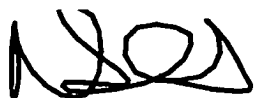
The notes form part of these financial statements

WELLS HOTELS LIMITED (REGISTERED NUMBER: SC333116)

Company Balance Sheet  
31 March 2020

	Notes	2020 £	2019 £
<b>Fixed assets</b>			
Tangible assets	11	-	-
Investments	12	17,747,440	17,747,440
Investment property	13	-	-
		<u>17,747,440</u>	<u>17,747,440</u>
<b>Current assets</b>			
Cash at bank		862	862
<b>Creditors</b>			
Amounts falling due within one year	17	(131,019)	(793,312)
<b>Net current liabilities</b>		<u>(130,157)</u>	<u>(792,450)</u>
<b>Total assets less current liabilities</b>		17,617,283	16,954,990
<b>Creditors</b>			
Amounts falling due after more than one year	18	(3,500,000)	(3,500,000)
<b>Net assets</b>		<u>14,117,283</u>	<u>13,454,990</u>
<b>Capital and reserves</b>			
Called up share capital	22	3,001,250	3,001,250
Share premium	23	5,649,950	5,649,950
Retained earnings	23	5,466,083	4,803,790
<b>Shareholders' funds</b>		<u>14,117,283</u>	<u>13,454,990</u>
<b>Company's profit for the financial year</b>		<u>687,293</u>	<u>524,696</u>

The financial statements were approved by the Board of Directors and authorised for issue on 26 March 2021 and were signed on its behalf by:



N Wells - Director

The notes form part of these financial statements

**WELLS HOTELS LIMITED**

**Consolidated Statement of Changes in Equity  
for the Year Ended 31 March 2020**

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Share premium £</b>	<b>Total equity £</b>
<b>Balance at 1 April 2018</b>	3,001,250	17,823,418	2,750	20,827,418
<b>Changes in equity</b>				
Dividends	-	(500,000)	-	(500,000)
Total comprehensive income	-	920,447	-	920,447
<b>Balance at 31 March 2019</b>	<u>3,001,250</u>	<u>18,243,865</u>	<u>2,750</u>	<u>21,247,865</u>
<b>Changes in equity</b>				
Dividends	-	(25,000)	-	(25,000)
Total comprehensive income	-	1,092,035	-	1,092,035
<b>Balance at 31 March 2020</b>	<u><u>3,001,250</u></u>	<u><u>19,310,900</u></u>	<u><u>2,750</u></u>	<u><u>22,314,900</u></u>

The notes form part of these financial statements

**WELLS HOTELS LIMITED**

**Company Statement of Changes in Equity  
for the Year Ended 31 March 2020**

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Share premium £</b>	<b>Total equity £</b>
<b>Balance at 1 April 2018</b>	3,001,250	4,779,094	5,649,950	13,430,294
<b>Changes in equity</b>				
Dividends	-	(500,000)	-	(500,000)
Total comprehensive income	-	524,696	-	524,696
<b>Balance at 31 March 2019</b>	<u>3,001,250</u>	<u>4,803,790</u>	<u>5,649,950</u>	<u>13,454,990</u>
<b>Changes in equity</b>				
Dividends	-	(25,000)	-	(25,000)
Total comprehensive income	-	687,293	-	687,293
<b>Balance at 31 March 2020</b>	<u><u>3,001,250</u></u>	<u><u>5,466,083</u></u>	<u><u>5,649,950</u></u>	<u><u>14,117,283</u></u>

The notes form part of these financial statements

**WELLS HOTELS LIMITED**

**Consolidated Cash Flow Statement  
for the Year Ended 31 March 2020**

		<b>2020</b>	<b>2019</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	604,605	1,205,318
Interest paid		-	(451)
Tax paid		(247,554)	(242,779)
Net cash from operating activities		<u>357,051</u>	<u>962,088</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(287,552)	(519,184)
Purchase of investment property		-	(203,598)
Sale of tangible fixed assets		25,761	84,468
Purchase of investment		(778,940)	(3,908,768)
Sales of investments		3,978,358	870,629
Interest received		49,534	41,891
Dividends received		29,246	18,382
Net cash from investing activities		<u>3,016,407</u>	<u>(3,616,180)</u>
<b>Cash flows from financing activities</b>			
Loan repayments in year		(33,885)	(24,696)
Amount introduced by directors		-	475,000
Amount withdrawn by directors		(485,482)	(477,435)
Equity dividends paid		(25,000)	(500,000)
Net cash from financing activities		<u>(544,367)</u>	<u>(527,131)</u>
<b>Increase/(decrease) in cash and cash equivalents</b>		<u>2,829,091</u>	<u>(3,181,223)</u>
<b>Cash and cash equivalents at beginning of year</b>	2	<u>2,492,378</u>	<u>5,673,601</u>
<b>Cash and cash equivalents at end of year</b>	2	<u><u>5,321,469</u></u>	<u><u>2,492,378</u></u>

The notes form part of these financial statements

# WELLS HOTELS LIMITED

## Notes to the Consolidated Cash Flow Statement for the Year Ended 31 March 2020

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

	2020 £	2019 £
Profit before taxation	1,517,963	1,171,806
Depreciation charges	1,276,096	710,413
Profit on disposal of fixed assets	(6,331)	-
Finance costs	-	451
Finance income	(224,717)	(75,614)
	<u>2,563,011</u>	<u>1,807,056</u>
Decrease/(increase) in stocks	83,461	(4,409)
Decrease/(increase) in trade and other debtors	99,316	(454,117)
Decrease in trade and other creditors	(2,141,183)	(143,212)
	<u>604,605</u>	<u>1,205,318</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 2020

	31/3/20 £	1/4/19 £
Cash and cash equivalents	<u>5,321,469</u>	<u>2,492,378</u>

#### Year ended 31 March 2019

	31/3/19 £	1/4/18 £
Cash and cash equivalents	<u>2,492,378</u>	<u>5,673,601</u>

### 3. Analysis of changes in net funds/(debt)

	At 1/4/19 £	Cash flow £	At 31/3/20 £
<b>Net cash</b>			
Cash at bank and in hand	<u>2,492,378</u>	<u>2,829,091</u>	<u>5,321,469</u>
	<u>2,492,378</u>	<u>2,829,091</u>	<u>5,321,469</u>
<b>Liquid resources</b>			
Current asset investments	<u>3,053,481</u>	<u>(3,053,481)</u>	<u>-</u>
	<u>3,053,481</u>	<u>(3,053,481)</u>	<u>-</u>
<b>Debt</b>			
Debts falling due after 1 year	<u>(3,500,000)</u>	<u>-</u>	<u>(3,500,000)</u>
	<u>(3,500,000)</u>	<u>-</u>	<u>(3,500,000)</u>
<b>Total</b>	<u>2,045,859</u>	<u>(224,390)</u>	<u>1,821,469</u>

The notes form part of these financial statements

## WELLS HOTELS LIMITED

### Notes to the Consolidated Financial Statements for the Year Ended 31 March 2020

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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.

**Government grants**

The company receives government grants in respect of the Coronavirus Job Retention Scheme. These grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the company will comply with conditions attaching to them and the grants will be received using the accrual model.

**Investment property**

Investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in fair value is recognised in profit or loss.

**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.

## WELLS HOTELS LIMITED

### Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2020

#### 2. Accounting policies - continued

##### 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.

##### Hire purchase and leases

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

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

##### Loans and borrowings

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment. If an arrangement constitutes a finance transaction it is measured at present value.

##### 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.

#### 3. Turnover

The total turnover of the group for the year £21,071,688 (2019: £22,078,941) has been derived from its principal activity of hotels and tours wholly undertaken in the United Kingdom.

#### 4. Employees and directors

	2020	2019
	£	£
Wages and salaries	4,565,976	4,444,068
Social security costs	339,832	337,318
Other pension costs	132,842	112,450
	<u>5,038,650</u>	<u>4,893,836</u>

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

	2020	2019
Working directors	2	2
Resident managers	10	10
Administration	32	31
Hotel staff etc.	188	193
	<u>232</u>	<u>236</u>

**WELLS HOTELS LIMITED****Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 March 2020****4. Employees and directors - continued**

	2020	2019
	£	£
Directors' remuneration	191,953	198,605
Directors' pension contributions to money purchase schemes	20,000	30,000
	<u>211,953</u>	<u>228,605</u>

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

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

**5. Operating profit**

	2019	2018
	£	£
Depreciation - owned assets	666,221	710,413
(Profit)/loss on disposal of fixed assets	(6,331)	-
Auditors' remuneration	12,500	12,500
Impairment losses for tangible fixed assets (included within administrative expenses)	609,875	-
Impairment of stock (included with cost of sales)	80,431	-
Government grants	(43,372)	-
	<u>1,318,854</u>	<u>722,913</u>

**6. Interest receivable and similar income**

	2020	2019
	£	£
Interest received	469	451
Investment income	78,780	59,822
Gains on investments sold	166,047	(8,968)
(Decrease)/increase in investments	(20,579)	24,309
	<u>224,717</u>	<u>75,614</u>

**7. Interest payable and similar expenses**

	2020	2019
	£	£
Bank interest	-	451
	<u>-</u>	<u>451</u>

**8. Taxation****Analysis of the tax charge**

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

	2020	2019
	£	£
Current tax:		
UK corporation tax	429,665	247,554
Deferred tax	(3,737)	3,805
Tax on profit	<u>425,928</u>	<u>251,359</u>

**WELLS HOTELS LIMITED****Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 March 2020****8. Taxation - continued****Reconciliation of total tax charge included in profit and loss**

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

	<b>2020</b> £	<b>2019</b> £
Profit before tax	<u>1,517,963</u>	<u>1,171,806</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	288,413	222,643
Effects of:		
Expenses not deductible for tax purposes	150,998	35,121
Income not taxable for tax purposes	(33,196)	(6,405)
Chargeable gains	<u>19,713</u>	<u>-</u>
Total tax charge	<u>425,928</u>	<u>251,359</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.

**10. Dividends**

	<b>2020</b> £	<b>2019</b> £
Ordinary shares of £1 each		
Final	-	475,000
Ordinary A shares of £0.01 each		
Final	<u>25,000</u>	<u>25,000</u>
	<u>25,000</u>	<u>500,000</u>

# WELLS HOTELS LIMITED

## Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2020

### 11. Tangible fixed assets

Group	Freehold property £	Fixtures & equipment £	Motor vehicles £	Totals £
<b>Cost</b>				
At 1 April 2019	24,736,116	7,674,781	365,335	32,776,232
Additions	5,473	202,180	79,899	287,552
Disposals	-	-	(63,155)	(63,155)
At 31 March 2020	24,741,589	7,876,961	382,079	33,000,629
<b>Depreciation</b>				
At 1 April 2019	3,432,847	5,426,460	111,533	8,970,840
Charge for year	184,849	411,188	70,184	666,221
Written back on disposals	-	-	(43,725)	(43,725)
Impairments	609,875	-	-	609,875
At 31 March 2020	4,227,571	5,837,648	137,992	10,203,211
<b>Net book value</b>				
At 31 March 2020	20,514,018	2,039,313	244,087	22,797,418
At 31 March 2019	21,303,269	2,248,321	253,802	23,805,392

### 12. Fixed asset investments

Company	Shares in group undertaking £
<b>Cost</b>	
At 1 April 2019 and 31 March 2020	17,747,440
<b>Net book value</b>	
At 31 March 2020	17,747,440
At 31 March 2019	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

# WELLS HOTELS LIMITED

## Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2020

### 12. Fixed asset investments - continued

#### M F Wells (Hotels) Limited

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

Nature of business: Hotel proprietor & tour operator

Class of shares:  
Ordinary

%  
holding  
100.00

	2020 £	2019 £
Aggregate capital and reserves	25,945,057	25,540,315
Profit for the year	1,092,035	920,447

### 13. Investment property

#### Group

#### Fair value

At 1 April 2019  
and 31 March 2020

Total  
£

203,598

#### Net book value

At 31 March 2020

203,598

At 31 March 2019

203,598

Investment property was purchased in the year at a cost of £203,598. In the opinion of the directors its value has not changed.

### 14. Stocks

	2020 £	2019 £
Bar and catering stock	-	83,461

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

	2020 £	2019 £
Trade debtors	-	458
Other debtors	527,363	652,248
Prepayments	265,652	239,625
	793,015	892,331

### 16. Current asset investments

	2020 £	2019 £
Listed investments	-	3,053,481

# WELLS HOTELS LIMITED

## Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2020

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

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Trade creditors	187,104	850,543	-	-
Amounts owed to group undertakings	-	-	-	65,168
Corporation tax	429,665	247,554	-	-
Taxation and social security	81,429	71,745	-	-
Other creditors	35,198	157,323	35,198	157,323
Directors' current accounts	115,609	601,091	95,821	570,821
Accruals	63,015	98,828	-	-
Deferred income	2,206,044	3,569,419	-	-
	<u>3,118,064</u>	<u>5,596,503</u>	<u>131,019</u>	<u>793,312</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	
	2020	2019	2020	2019
	£	£	£	£
Preference shares (see note 19)	<u>3,500,000</u>	<u>3,500,000</u>	<u>3,500,000</u>	<u>3,500,000</u>

### 19. Loans

An analysis of the maturity of loans is given below:

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
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>

The preference shares are held by a director and are unsecured, interest free and carry no schedule of repayment. The preference shares are repayable at six months notice and the director has advised that he will not seek repayment of his preference shares within one year of the balance sheet date.

Details of shares shown as liabilities are as follows:

Allotted, issued and fully paid:		Nominal value:	2020	2019
Number:	Class:		£	£
3,500,000	Preference shares	£1	<u>3,500,000</u>	<u>3,500,000</u>

### 20. Leasing agreements

Minimum lease payments fall due as follows:

# WELLS HOTELS LIMITED

## Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2020

### Group

	<b>Non-cancellable operating leases</b>	
	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Within one year	21,739	21,739
Between one and five years	86,956	86,956
In more than five years	23,568	45,307
	<u>132,263</u>	<u>154,002</u>

The hire purchase contracts are secured over the assets concerned.

### 21. Provisions for liabilities

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Deferred tax	<u>182,536</u>	<u>186,273</u>

### Group

	<b>Deferred tax £</b>
Balance at 1 April 2019	186,273
Credit to Statement of Comprehensive Income during year	(3,737)
Balance at 31 March 2020	<u>182,536</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:

<b>Number:</b>	<b>Class:</b>	<b>Nominal value:</b>	<b>2020 £</b>	<b>2019 £</b>
3,000,000	Ordinary	£1	3,000,000	3,000,000
125,000	Ordinary A	£0.01	1,250	1,250
			<u>3,001,250</u>	<u>3,001,250</u>

The ordinary shares have full voting rights, are entitled to dividends, are non-redeemable and rank after the preference shares in the event of a cessation.

The A ordinary shares have no voting rights, are entitled to dividends, are non-redeemable and rank after the preference shares in the event of a cessation.



**WELLS HOTELS LIMITED****Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 March 2020****23. Reserves****Group**

	<b>Retained earnings £</b>	<b>Share premium £</b>	<b>Totals £</b>
At 1 April 2019	18,243,865	2,750	18,246,615
Profit for the year	1,092,035		1,092,035
Dividends	(25,000)		(25,000)
	<u>19,310,900</u>	<u>2,750</u>	<u>19,313,650</u>

**Company**

	<b>Retained earnings £</b>	<b>Share premium £</b>	<b>Totals £</b>
At 1 April 2019	4,803,790	5,649,950	10,453,740
Profit for the year	687,293		687,293
Dividends	(25,000)		(25,000)
	<u>5,466,083</u>	<u>5,649,950</u>	<u>11,116,033</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.

## WELLS HOTELS LIMITED

### Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2020

#### 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:

	2020 £	2019 £
Management charge raised	1,623,675	2,315,138
Tour transport purchased	6,474,853	6,867,850
Debit balance at 31 March	366,891	539,858

Key management personnel remuneration in the year totalled £634,837 (2019: £693,469).

Loans received from directors

	Total £
Balances due 31 March 2019	570,821
Introduced in year	-
Repaid in year	(475,000)
Balances due 31 March 2020	95,821

Loan received from a trust in which the directors are trustees

	Total £
Balance due 31 March 2019	69,083
Repaid in year	(33,885)
Balance due 31 March 2020	35,198

#### 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. 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 £132,842 (2019: £112,450 ).