

REGISTERED NUMBER: SC333116 (Scotland)

**Group Strategic Report, Report of the Directors and  
Consolidated Financial Statements for the Year Ended 31 March 2018**  
for  
**WELLS HOTELS LIMITED**



# **WELLS HOTELS LIMITED**

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# **WELLS HOTELS LIMITED**

**Company Information  
for the Year Ended 31 March 2018**

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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 2018

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The directors present their strategic report of the company and the group for the year ended 31 March 2018.

#### 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 2018	31 March 2017
Turnover (£000)	20,883	21,530
Profit before tax (£000)	1,562	1,385

#### Turnover

The group's level of turnover £20.9m was very similar to the previous year £21.5m, a positive result given that the previous year included six months of trading at Loch Long hotel prior to its disposal in October 2016 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 reinvestment in the hotels to maintain the standard of its properties. The group made a profit of £189k (2017 - loss £72k) 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

10 September 2018

## **WELLS HOTELS LIMITED**

### **Report of the Directors for the Year Ended 31 March 2018**

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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 2018.

#### **Dividends**

The group paid total dividends for year ended 31 March 2018 of £495,000, being £0.16 per ordinary share and £0.16 per ordinary A share. No dividend was paid on the preference shares.

#### **Directors**

The directors shown below have held office during the whole of the period from 1 April 2017 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

10 September 2018

### **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 2018 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 2018 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 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, 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.

### **Opinion 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.

### **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.

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

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### **Responsibilities of directors**

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, 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

10 September 2018

**WELLS HOTELS LIMITED**
**Consolidated Statement of Comprehensive Income  
for the Year Ended 31 March 2018**

	Notes	2018 £	2017 £
Turnover	3	20,882,610	21,530,447
Cost of sales		<u>16,284,361</u>	<u>17,132,524</u>
<b>Gross profit</b>		4,598,249	4,397,923
Administrative expenses		<u>3,055,414</u>	<u>3,533,098</u>
		1,542,835	864,825
Other operating income		<u>-</u>	<u>326,679</u>
<b>Operating profit</b>	5	1,542,835	1,191,504
Interest receivable and similar income	6	<u>25,056</u>	<u>196,105</u>
		1,567,891	1,387,609
Interest payable and similar expenses	7	<u>6,205</u>	<u>2,751</u>
<b>Profit before taxation</b>		1,561,686	1,384,858
Tax on profit	8	<u>297,561</u>	<u>226,453</u>
<b>Profit for the financial year</b>		1,264,125	1,158,405
<b>Other comprehensive income</b>			
Income tax relating to other comprehensive income		-	-
<b>Other comprehensive income For the year, net of income tax</b>		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<u>1,264,125</u>	<u>1,158,405</u>
Profit attributable to: Owners of the parent		<u>1,264,125</u>	<u>1,158,405</u>
Total comprehensive income attributable to: Owners of the parent		<u>1,264,125</u>	<u>1,158,405</u>

The notes form part of these financial statements



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

**Consolidated Balance Sheet**  
**31 March 2018**

	Notes	2018 £	2017 £
<b>Fixed assets</b>			
Tangible assets	11	24,081,090	24,740,339
Investments	12	-	-
		<u>24,081,090</u>	<u>24,740,339</u>
<b>Current assets</b>			
Stocks	13	79,052	84,689
Debtors	14	438,214	714,478
Investments	15	-	1,695,459
Cash at bank and in hand		<u>5,673,601</u>	<u>1,507,838</u>
		6,190,867	4,002,464
<b>Creditors</b>			
Amounts falling due within one year	16	<u>(5,762,071)</u>	<u>(4,996,731)</u>
<b>Net current assets/(liabilities)</b>		<u>428,796</u>	<u>(994,267)</u>
<b>Total assets less current liabilities</b>		24,509,886	23,746,072
<b>Creditors</b>			
Amounts falling due after more than one year	17	(3,500,000)	(3,500,000)
<b>Provisions for liabilities</b>	20	<u>(182,468)</u>	<u>(187,779)</u>
<b>Net assets</b>		<u>20,827,418</u>	<u>20,058,293</u>
<b>Capital and reserves</b>			
Called up share capital	21	3,001,250	3,001,250
Share premium	22	2,750	2,750
Retained earnings	22	<u>17,823,418</u>	<u>17,054,293</u>
<b>Shareholders' funds</b>		<u>20,827,418</u>	<u>20,058,293</u>

The financial statements were approved by the Board of Directors on 10 September 2018 and were signed on its behalf by:



N Wells - Director

WELLS HOTELS LIMITED (REGISTERED NUMBER: SC333116)

Company Balance Sheet  
31 March 2018

	Notes	2018 £	2017 £
<b>Fixed assets</b>			
Tangible assets	11	-	-
Investments	12	<u>17,747,440</u>	<u>17,747,440</u>
		<u>17,747,440</u>	<u>17,747,440</u>
<b>Current assets</b>			
Cash at bank		892	1,228
<b>Creditors</b>			
Amounts falling due within one year	16	<u>(818,038)</u>	<u>(930,070)</u>
<b>Net current liabilities</b>		<u>(817,146)</u>	<u>(928,842)</u>
<b>Total assets less current liabilities</b>		16,930,294	16,818,598
<b>Creditors</b>			
Amounts falling due after more than one year	17	<u>(3,500,000)</u>	<u>(3,500,000)</u>
<b>Net assets</b>		<u>13,430,294</u>	<u>13,318,598</u>
<b>Capital and reserves</b>			
Called up share capital	21	3,001,250	3,001,250
Share premium	22	5,649,950	5,649,950
Retained earnings	22	<u>4,779,094</u>	<u>4,667,398</u>
<b>Shareholders' funds</b>		<u>13,430,294</u>	<u>13,318,598</u>
 Company's profit for the financial year		 <u>606,696</u>	 <u>1,432,512</u>

The financial statements were approved by the Board of Directors on 10 September 2018 and were signed on its behalf by:



N Wells - Director

**WELLS HOTELS LIMITED**

**Consolidated Statement of Changes in Equity  
for the Year Ended 31 March 2018**

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Share premium £</b>	<b>Total equity £</b>
<b>Balance at 1 April 2016</b>	3,000,000	16,275,888	-	19,275,888
<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>
<b>Changes in equity</b>				
Dividends	-	(495,000)	-	(495,000)
Total comprehensive income	-	1,264,125	-	1,264,125
<b>Balance at 31 March 2018</b>	<u>3,001,250</u>	<u>17,823,418</u>	<u>2,750</u>	<u>20,827,418</u>

The notes form part of these financial statements

**WELLS HOTELS LIMITED**

**Company Statement of Changes in Equity  
for the Year Ended 31 March 2018**

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Share premium £</b>	<b>Total equity £</b>
<b>Balance at 1 April 2016</b>	3,000,000	3,614,886	5,647,200	12,262,086
<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>
<b>Changes in equity</b>				
Dividends	-	(495,000)	-	(495,000)
Total comprehensive income	-	606,696	-	606,696
<b>Balance at 31 March 2018</b>	<u>3,001,250</u>	<u>4,779,094</u>	<u>5,649,950</u>	<u>13,430,294</u>

The notes form part of these financial statements

**WELLS HOTELS LIMITED**
**Consolidated Cash Flow Statement  
for the Year Ended 31 March 2018**

		<b>2018</b>	<b>2017</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	3,298,910	1,654,366
Interest paid		(6,205)	(2,751)
Tax paid		<u>(299,255)</u>	<u>(54,363)</u>
Net cash from operating activities		<u>2,993,450</u>	<u>1,597,252</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(343,734)	(186,714)
Sale of tangible fixed assets		412,440	829,866
Purchase of investment		(2,287,653)	(1,664,994)
Sales of investments		3,942,757	648,468
Interest received		33,040	15,154
Dividends received		<u>32,297</u>	<u>11,990</u>
Net cash from investing activities		<u>1,789,147</u>	<u>(346,230)</u>
<b>Cash flows from financing activities</b>			
Loan repayments in year		(67,422)	(29,552)
Amount introduced by directors		496,200	401,200
Amount withdrawn by directors		(550,612)	(1,434,457)
Share issue		-	1,250
Equity dividends paid		<u>(495,000)</u>	<u>(380,000)</u>
Net cash from financing activities		<u>(616,834)</u>	<u>(1,441,559)</u>
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>4,165,763</b>	<b>(190,537)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>2</b>	<b>1,507,838</b>	<b>1,698,375</b>
<b>Cash and cash equivalents at end of year</b>	<b>2</b>	<b><u>5,673,601</u></b>	<b><u>1,507,838</u></b>

The notes form part of these financial statements

# WELLS HOTELS LIMITED

## Notes to the Consolidated Cash Flow Statement for the Year Ended 31 March 2018

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

	2018 £	2017 £
Profit before taxation	1,561,686	1,384,858
Depreciation charges	779,446	738,003
(Profit)/loss on disposal of fixed assets	(188,903)	71,903
Finance costs	6,205	2,751
Finance income	(25,056)	(196,105)
	<u>2,133,378</u>	<u>2,001,410</u>
Decrease in stocks	5,637	14,990
Decrease in trade and other debtors	276,338	285,169
Increase/(decrease) in trade and other creditors	<u>883,557</u>	<u>(647,203)</u>
<b>Cash generated from operations</b>	<u><u>3,298,910</u></u>	<u><u>1,654,366</u></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 2018

	31/3/18 £	1/4/17 £
Cash and cash equivalents	<u><u>5,673,601</u></u>	<u><u>1,507,838</u></u>

#### Year ended 31 March 2017

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

**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.



**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 previous 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.

**3. Turnover**

The total turnover of the group for the year £20,882,610 (2017: £21,530,447) has been derived from its principal activity of hotels and tours wholly undertaken in the United Kingdom.

**4. Employees and directors**

	2018 £	2017 £
Wages and salaries	4,220,386	4,190,695
Social security costs	313,013	331,269
Other pension costs	69,359	169,798
	<u>4,602,758</u>	<u>4,691,762</u>

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

	2018	2017
Working directors	2	2
Resident managers	11	11
Administration	22	20
Hotel staff etc.	<u>199</u>	<u>199</u>
	<u>234</u>	<u>232</u>

The average number of employees by undertakings that were proportionately consolidated during the year was 234 (2017 - 232).

**WELLS HOTELS LIMITED**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 March 2018**

**4. Employees and directors - continued**

	2018 £	2017 £
Directors' remuneration	201,375	221,027
Directors' pension contributions to money purchase schemes	<u>10,000</u>	<u>102,604</u>

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

	<u>1</u>	<u>2</u>
Money purchase schemes		

Information regarding the highest paid director is as follows:

	2018 £	2017 £
Emoluments etc	112,530	154,826
Pension contributions to money purchase schemes	<u>-</u>	<u>92,604</u>

**5. Operating profit**

	2018 £	2017 £
Depreciation - owned assets	779,446	738,003
(Profit)/loss on disposal of fixed assets	(188,903)	71,903
Auditors' remuneration	12,000	11,550
Release of grant	<u>-</u>	<u>(326,679)</u>

**6. Interest receivable and similar income**

	2018 £	2017 £
Investment income	65,337	27,144
Gains on investments sold	101,150	40,557
(Decrease)/increase in investments	<u>(141,431)</u>	<u>128,404</u>
	<u>25,056</u>	<u>196,105</u>

**7. Interest payable and similar expenses**

	2018 £	2017 £
Bank interest	5,705	1,751
Interest payable	<u>500</u>	<u>1,000</u>
	<u>6,205</u>	<u>2,751</u>

**8. Taxation**

**Analysis of the tax charge**

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

	2018 £	2017 £
Current tax:		
UK corporation tax	302,872	243,102
Deferred tax	<u>(5,311)</u>	<u>(16,649)</u>
Tax on profit	<u>297,561</u>	<u>226,453</u>

**Notes to the Consolidated Financial Statements - continued**  
**for the Year Ended 31 March 2018**

**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:

	2018 £	2017 £
Profit before tax	<u>1,561,686</u>	<u>1,384,858</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 20%)	296,720	276,972
Effects of:		
Expenses not deductible for tax purposes	35,216	21,040
Income not taxable for tax purposes	(34,375)	(65,336)
Adjustments to tax charge in respect of previous periods	-	3,660
Change in tax rate	<u>-</u>	<u>(9,883)</u>
Total tax charge	<u>297,561</u>	<u>226,453</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**

	2018 £	2017 £
Ordinary shares of £1 each		
Final	475,000	380,000
Ordinary A shares of £0.01 each		
Final	<u>20,000</u>	<u>-</u>
	<u>495,000</u>	<u>380,000</u>

# WELLS HOTELS LIMITED

## Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2018

### 11. Tangible fixed assets

Group	Freehold property £	Fixtures & equipment £	Motor vehicles £	Totals £
<b>Cost</b>				
At 1 April 2017	24,858,587	7,209,035	311,928	32,379,550
Additions	-	212,936	130,798	343,734
Disposals	(172,587)	-	(105,690)	(278,277)
At 31 March 2018	<u>24,686,000</u>	<u>7,421,971</u>	<u>337,036</u>	<u>32,445,007</u>
<b>Depreciation</b>				
At 1 April 2017	3,063,149	4,424,829	151,233	7,639,211
Charge for year	184,849	541,750	52,847	779,446
Written back on disposals	-	-	(54,740)	(54,740)
At 31 March 2018	<u>3,247,998</u>	<u>4,966,579</u>	<u>149,340</u>	<u>8,363,917</u>
<b>Net book value</b>				
At 31 March 2018	<u>21,438,002</u>	<u>2,455,392</u>	<u>187,696</u>	<u>24,081,090</u>
At 31 March 2017	<u>21,795,438</u>	<u>2,784,206</u>	<u>160,695</u>	<u>24,740,339</u>

### 12. Fixed asset investments

Company	Shares in group undertakings £
<b>Cost</b>	
At 1 April 2017 and 31 March 2018	<u>17,747,440</u>
<b>Net book value</b>	
At 31 March 2018	<u>17,747,440</u>
At 31 March 2017	<u>17,747,440</u>

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

#### Subsidiary

##### M F Wells (Hotels) Limited

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

Nature of business: Hotel proprietor & tour operator

Class of shares:	% holding	2018 £	2017 £
Ordinary	100.00		
Aggregate capital and reserves		25,150,845	24,437,135
Profit for the year		<u>1,270,899</u>	<u>1,159,405</u>

# WELLS HOTELS LIMITED

## Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2018

### 13. Stocks

	Group	
	2018	2017
	£	£
Bar and catering stock	<u>79,052</u>	<u>84,689</u>

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

	Group	
	2018	2017
	£	£
Trade debtors	790	1,582
Other debtors	150,548	496,823
Prepayments	<u>286,876</u>	<u>216,073</u>
	<u>438,214</u>	<u>714,478</u>

### 15. Current asset investments

	Group	
	2018	2017
	£	£
Listed investments	<u>-</u>	<u>1,695,459</u>

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

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Trade creditors	826,546	533,898	-	-
Amounts owed to group undertakings	-	-	65,198	65,234
Corporation tax	242,779	239,162	-	-
Taxation and social security	83,381	64,261	-	-
Other creditors	262,169	239,241	182,019	239,241
Directors' current accounts	603,526	668,338	570,821	625,595
Accruals	146,721	71,231	-	-
Deferred income	<u>3,596,949</u>	<u>3,180,600</u>	<u>-</u>	<u>-</u>
	<u>5,762,071</u>	<u>4,996,731</u>	<u>818,038</u>	<u>930,070</u>

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

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

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Preference shares (see note 18)	<u>3,500,000</u>	<u>3,500,000</u>	<u>3,500,000</u>	<u>3,500,000</u>

# WELLS HOTELS LIMITED

## Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2018

### 18. Loans

An analysis of the maturity of loans is given below:

	Group		Company	
	2018 £	2017 £	2018 £	2017 £
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:	2018	2017
Number:	Class:		£	£
3,500,000	Preference shares	£1	<u>3,500,000</u>	<u>3,500,000</u>

### 19. Leasing agreements

Minimum lease payments fall due as follows:

Group	Non-cancellable operating leases	
	2018 £	2017 £
Within one year	1,912	22,944
Between one and five years	<u>-</u>	<u>1,912</u>
	<u>1,912</u>	<u>24,856</u>

The hire purchase contracts are secured over the assets concerned.

### 20. Provisions for liabilities

	Group	
	2018 £	2017 £
Deferred tax	<u>182,468</u>	<u>187,779</u>
<b>Group</b>		
		Deferred tax £
Balance at 1 April 2017		187,779
Credit to Statement of Comprehensive Income during year		<u>(5,311)</u>
Balance at 31 March 2018		<u>182,468</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.

# WELLS HOTELS LIMITED

## Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2018

### 21. Called up share capital

Allotted, issued and fully paid:		Nominal value:	2018 £	2017 £
Number:	Class:			
3,000,000	Ordinary	£1	3,000,000	3,000,000
125,000	Ordinary A	£0.01	<u>1,250</u>	<u>1,250</u>
			<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.

### 22. Reserves

#### Group

	Retained earnings £	Share premium £	Totals £
At 1 April 2017	17,054,293	2,750	17,057,043
Profit for the year	1,264,125		1,264,125
Dividends	<u>(495,000)</u>		<u>(495,000)</u>
At 31 March 2018	<u>17,823,418</u>	<u>2,750</u>	<u>17,826,168</u>

#### Company

	Retained earnings £	Share premium £	Totals £
At 1 April 2017	4,667,398	5,649,950	10,317,348
Profit for the year	606,696		606,696
Dividends	<u>(495,000)</u>		<u>(495,000)</u>
At 31 March 2018	<u>4,779,094</u>	<u>5,649,950</u>	<u>10,429,044</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 2018

#### 23. Related party disclosures

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

	2018 £	2017 £
Management charge raised	2,107,168	2,600,000
Tour transport purchased	6,536,067	7,006,575
(Credit)/Debit balance at 31 March	(80,150)	398,299

Key management personnel remuneration in the year totalled £668,052 (2017: £749,732).

#### Loans received from directors

	Total £
Balances due 31 March 2017	657,938
Introduced in year	496,200
Repaid in year	<u>(550,612)</u>
Balances due 31 March 2018	<u>603,526</u>

#### Loan notes held by directors

	Total £
Balance due 31 March 2017	20,800
Repaid in year	<u>(20,800)</u>
Balance due 31 March 2018	<u>-</u>

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

	Total £
Balance due 31 March 2017	140,401
Repaid in year	<u>(46,622)</u>
Balance due 31 March 2018	<u>93,779</u>

#### 24. Ultimate controlling party

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

#### 25. Share-based payment transactions

During the year ended 31 March 2017 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.

#### 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 £69,359 (2017: £169,708).