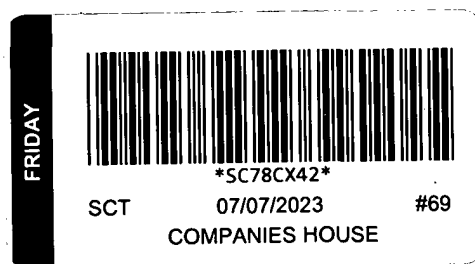


**Group Strategic Report, Report of the Directors and
Consolidated Financial Statements for the Year Ended 31 March 2022
for
WELLS HOTELS LIMITED**



WELLS HOTELS LIMITED

**Contents of the Consolidated Financial Statements
for the Year Ended 31 March 2022**

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WELLS HOTELS LIMITED

Company Information for the Year Ended 31 March 2022

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 2022

The directors present their strategic report of the company and the group for the year ended 31 March 2022.

Review of business

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. The late submission of the accounts was due to pressures on the group's staffing caused by Covid-19.

Financial key performance indicators

Financial performance during the year can be analysed as follows:

Financial performance	31 March 2022	31 March 2021
Turnover (£000)	13,208	599
(Loss) before tax (£000)	(418)	(1,307)
Net cash (£000)	3,447	174

The pandemic continued to impact the group's hotels throughout the financial year ending 31 March 2022. Our ability to trade was limited and high levels of community infections resulted in frequent cancellations. Recruiting was challenging and affected the group's ability to trade to the full potential.

Despite this, the group remains in a strong financial position, with no external debt and net assets of £20.9m at the reporting date.

Furthermore, as a business with no debt obligations, a key measurement used is the monitoring of Cash and Investments (that can be easily liquidated into cash). In this respect, both Gross Cash and Net Cash increased substantially in the financial year as the business returned to more meaningful trading and continued to push through the impact of the pandemic.

Principal risks and uncertainties

The uncertainty within the labour market and the inflationary pressures within the economy present a challenge. General global economic conditions remain uncertain with rising costs for utilities, food, labour and transport.

In all these areas, the group continues to take early, prudent, and decisive action to mitigate operational and financial risk.

Future developments

The group is focussed on bringing profitability back up to pre pandemic levels once the impacts of high inflation have eased.

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 continues to hold 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:

Neil Wells

N Wells - Director

7 July 2023

WELLS HOTELS LIMITED

Report of the Directors for the Year Ended 31 March 2022

The directors present their report with the financial statements of the company and the group for the year ended 31 March 2022.

Dividends

No dividends will be distributed for the year ended 31 March 2022.

Directors

The directors shown below have held office during the whole of the period from 1 April 2021 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:

Neil Wells

N Wells - Director

7 July 2023

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

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 2022 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 2022 and of the group's loss 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 this gives rise to a material misstatement in the financial statements themselves. 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.

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 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.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group operates in and how the group is complying with the legal and regulatory framework;
- inquired of management about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006, health and safety, data security and tax compliance regulations. We performed audit procedures to detect non-compliance which may have a material impact on the financial statements which included reviewing financial statement disclosures, and inspecting correspondence with insurers and tax authorities.

The audit engagement team identified the risk of management override of controls and going concern as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included, but were not limited to, testing manual journal entries and other adjustments, and challenging judgments and estimates applied in the valuation of hotel and investment property.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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. This description forms part of our Report of the Auditors.

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

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 July 2023

WELLS HOTELS LIMITED

**Consolidated Statement of Comprehensive Income
for the Year Ended 31 March 2022**

	Notes	2022 £	2021 £
Turnover	3	13,208,238	599,091
Cost of sales		13,389,071	2,584,814
Gross loss		(180,833)	(1,985,723)
Administrative expenses		2,050,159	1,021,491
		(2,230,992)	(3,007,214)
Other operating income		1,619,050	1,699,995
Operating loss	5	(611,942)	(1,307,219)
Interest receivable and similar income	6	193,544	696
Loss before taxation		(418,398)	(1,306,523)
Tax on loss	7	(64,812)	(209,681)
Loss for the financial year		(353,586)	(1,096,842)
Other comprehensive income		-	-
Total comprehensive income for the year		(353,586)	(1,096,842)
Loss attributable to: Owners of the parent		(353,586)	(1,096,842)
Total comprehensive income attributable to: Owners of the parent		(353,586)	(1,096,842)

The notes form part of these financial statements

WELLS HOTELS LIMITED (REGISTERED NUMBER: SC333116)

Consolidated Balance Sheet
31 March 2022

	Notes	2022 £	2021 £
Fixed assets			
Tangible assets	9	21,476,382	21,920,494
Investments	10	-	-
Investment property	11	203,598	203,598
		<u>21,679,980</u>	<u>22,124,092</u>
Current assets			
Stocks	12	70,943	-
Debtors	13	832,970	2,942,571
Investments	14	4,193,544	-
Cash at bank and in hand		3,083,774	1,738,958
		<u>8,181,231</u>	<u>4,681,529</u>
Creditors			
Amounts falling due within one year	15	(5,411,258)	(1,937,270)
Net current assets		<u>2,769,973</u>	<u>2,744,259</u>
Total assets less current liabilities		<u>24,449,953</u>	<u>24,868,351</u>
Creditors			
Amounts falling due after more than one year	16	(3,500,000)	(3,500,000)
Provisions for liabilities	19	(85,481)	(150,293)
Net assets		<u><u>20,864,472</u></u>	<u><u>21,218,058</u></u>
Capital and reserves			
Called up share capital	20	3,001,250	3,001,250
Share premium	21	2,750	2,750
Retained earnings	21	17,860,472	18,214,058
Shareholders' funds		<u><u>20,864,472</u></u>	<u><u>21,218,058</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 7 July 2023 and were signed on its behalf by:

Neil Wells

N Wells - Director

WELLS HOTELS LIMITED (REGISTERED NUMBER: SC333116)

Company Balance Sheet
31 March 2022

	Notes	2022 £	2021 £
Fixed assets			
Tangible assets	9	-	-
Investments	10	17,747,440	17,747,440
Investment property	11	-	-
		<u>17,747,440</u>	<u>17,747,440</u>
Current assets			
Cash at bank		687	832
Creditors			
Amounts falling due within one year	15	(104,839)	(118,114)
Net current liabilities		<u>(104,152)</u>	<u>(117,282)</u>
Total assets less current liabilities		17,643,288	17,630,158
Creditors			
Amounts falling due after more than one year	16	(3,500,000)	(3,500,000)
Net assets		<u>14,143,288</u>	<u>14,130,158</u>
Capital and reserves			
Called up share capital	20	3,001,250	3,001,250
Share premium	21	5,649,950	5,649,950
Retained earnings	21	5,492,088	5,478,958
Shareholders' funds		<u>14,143,288</u>	<u>14,130,158</u>
Company's profit for the financial year		<u>13,130</u>	<u>12,875</u>

The financial statements were approved by the Board of Directors and authorised for issue on 7 July 2023 and were signed on its behalf by:

Neil Wells

N Wells - Director

WELLS HOTELS LIMITED**Consolidated Statement of Changes in Equity
for the Year Ended 31 March 2022**

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 April 2020	3,001,250	19,310,900	2,750	22,314,900
Changes in equity				
Total comprehensive income	-	(1,096,842)	-	(1,096,842)
Balance at 31 March 2021	<u>3,001,250</u>	<u>18,214,058</u>	<u>2,750</u>	<u>21,218,058</u>
Changes in equity				
Total comprehensive income	-	(353,586)	-	(353,586)
Balance at 31 March 2022	<u><u>3,001,250</u></u>	<u><u>17,860,472</u></u>	<u><u>2,750</u></u>	<u><u>20,864,472</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 2022**

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 April 2020	3,001,250	5,466,083	5,649,950	14,117,283
Changes in equity				
Total comprehensive income	-	12,875	-	12,875
Balance at 31 March 2021	3,001,250	5,478,958	5,649,950	14,130,158
Changes in equity				
Total comprehensive income	-	13,130	-	13,130
Balance at 31 March 2022	3,001,250	5,492,088	5,649,950	14,143,288

The notes form part of these financial statements

WELLS HOTELS LIMITED

**Consolidated Cash Flow Statement
for the Year Ended 31 March 2022**

		2022	2021
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	1	5,384,690	(3,379,193)
Tax paid		55,529	(485,000)
Net cash from operating activities		<u>5,440,219</u>	<u>(3,864,193)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(73,319)	(104,765)
Sale of tangible fixed assets		-	407,498
Purchase of investment		(4,000,000)	-
Interest received		-	696
Net cash from investing activities		<u>(4,073,319)</u>	<u>303,429</u>
Cash flows from financing activities			
Loan repayments in year		(13,276)	(12,905)
Amount withdrawn by directors		(8,808)	(8,842)
Net cash from financing activities		<u>(22,084)</u>	<u>(21,747)</u>
Increase/(decrease) in cash and cash equivalents		<u>1,344,816</u>	<u>(3,582,511)</u>
Cash and cash equivalents at beginning of year	2	<u>1,738,958</u>	<u>5,321,469</u>
Cash and cash equivalents at end of year	2	<u><u>3,083,774</u></u>	<u><u>1,738,958</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 2022**

1. Reconciliation of loss before taxation to cash generated from operations

	2022	2021
	£	£
Loss before taxation	(418,398)	(1,306,523)
Depreciation charges	517,431	556,101
Loss on disposal of fixed assets	-	18,090
Finance income	(193,544)	(696)
	(94,511)	(733,028)
Increase in stocks	(70,943)	-
Decrease/(increase) in trade and other debtors	2,054,072	(1,916,783)
Increase/(decrease) in trade and other creditors	3,496,072	(729,382)
Cash generated from operations	5,384,690	(3,379,193)

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 2022

	31/3/22	1/4/21
	£	£
Cash and cash equivalents	3,083,774	1,738,958

Year ended 31 March 2021

	31/3/21	1/4/20
	£	£
Cash and cash equivalents	1,738,958	5,321,469

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

	At 1/4/21	Cash flow	At 31/3/22
	£	£	£
Net cash			
Cash at bank and in hand	1,738,958	1,344,816	3,083,774
	1,738,958	1,344,816	3,083,774
Liquid resources			
Current asset investments	-	4,193,544	4,193,544
	-	4,193,544	4,193,544
Debt			
Debts falling due after 1 year	(3,500,000)	-	(3,500,000)
	(3,500,000)	-	(3,500,000)
Total	(1,761,042)	5,538,360	3,777,318

The notes form part of these financial statements

WELLS HOTELS LIMITED

Notes to the Consolidated Financial Statements for the Year Ended 31 March 2022

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 investments and 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 2021. 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.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2022

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:

Land - not depreciated
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.

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. 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 group operates two money purchase (defined contribution) pension schemes. 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 2022

2. Accounting policies - continued

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 £13,208,238 (2021: £599,091) has been derived from the rendering of services through its principal activity of hotels and tours undertaken wholly in the United Kingdom.

4. Employees and directors

	2022	2021
	£	£
Wages and salaries	3,818,297	2,061,128
Social security costs	317,340	142,387
Other pension costs	509,607	55,472
	<u>4,645,244</u>	<u>2,258,987</u>

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

	2022	2021
Working directors	2	2
Resident managers	5	5
Administration	25	29
Hotel staff etc.	136	75
	<u>168</u>	<u>111</u>

The total directors' remuneration during the year was £174,873 (2021: £112,979). Pension contributions of £160,000 (2021: nil) were made to money purchase schemes in respect of 2 (2021: nil) directors.

WELLS HOTELS LIMITED

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2022

5. Operating loss

	2022 £	2021 £
Depreciation - owned assets	517,431	556,101
Loss/(profit) on disposal of fixed assets	-	18,090
Auditors' remuneration	13,000	11,500
Government grants (received)	(419,050)	(1,699,995)

6. Interest receivable and similar income

	2022 £	2021 £
Interest received	-	696
(Decrease)/increase in investments	193,544	-
	<u>193,544</u>	<u>696</u>

7. Taxation

Analysis of the tax credit

The tax credit on the loss for the year was as follows:

	2022 £	2021 £
Current tax:		
UK corporation tax	-	(177,438)
Deferred tax	(64,812)	(32,243)
Tax on loss	<u>(64,812)</u>	<u>(209,681)</u>

Reconciliation of total tax credit 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:

	2022 £	2021 £
Loss before tax	<u>(418,398)</u>	<u>(1,306,523)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	(79,496)	(248,239)
Effects of:		
Expenses not deductible for tax purposes	35,121	38,558
Income not taxable for tax purposes	(36,773)	-
Change in tax rate	20,515	-
Timing differences	<u>(4,179)</u>	<u>-</u>
Total tax credit	<u>(64,812)</u>	<u>(209,681)</u>

8. 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.

WELLS HOTELS LIMITED
**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2022**
9. Tangible fixed assets

Group	Freehold property £	Fixtures & equipment £	Motor vehicles £	Totals £
Cost				
At 1 April 2021	24,343,401	7,905,836	430,569	32,679,806
Additions	-	73,319	-	73,319
At 31 March 2022	24,343,401	7,979,155	430,569	32,753,125
Depreciation				
At 1 April 2021	4,412,420	6,147,875	199,017	10,759,312
Charge for year	184,849	274,692	57,890	517,431
At 31 March 2022	4,597,269	6,422,567	256,907	11,276,743
Net book value				
At 31 March 2022	19,746,132	1,556,588	173,662	21,476,382
At 31 March 2021	19,930,981	1,757,961	231,552	21,920,494

10. Fixed asset investments

Company	Shares in group undertakings £
Cost	
At 1 April 2021 and 31 March 2022	17,747,440
Net book value	
At 31 March 2022	17,747,440
At 31 March 2021	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
M F Wells (Hotels) Limited

Registered office: School Road, Gartocharn, G83 8RW.
Nature of business: Hotel proprietor & tour operator

Class of shares:	% holding	2022 £	2021 £
Ordinary	100.00		
Aggregate capital and reserves		24,468,623	24,835,340
Loss for the year		(353,587)	(1,096,842)

WELLS HOTELS LIMITED

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2022

11. Investment property

Group	Total £
Fair value	
At 1 April 2021 and 31 March 2022	<u>203,598</u>
Net book value	
At 31 March 2022	<u>203,598</u>
At 31 March 2021	<u>203,598</u>

The investment property was purchased in August 2018 at a cost of £203,598. The directors have considered the local market and in their opinion its value has not changed. They have not considered it necessary to obtain a valuation from an independent professionally qualified valuer.

12. Stocks

	Group	
	2022 £	2021 £
Bar and catering stock	<u>70,943</u>	<u>-</u>

13. Debtors: amounts falling due within one year

	Group	
	2022 £	2021 £
Other debtors	391,356	532,859
Lochs and Glens (Transport) Limited	-	2,169,138
Corporation tax	177,244	232,773
Prepayments	264,370	7,801
	<u>832,970</u>	<u>2,942,571</u>

14. Current asset investments

	Group	
	2022 £	2021 £
Listed investments	<u>4,193,544</u>	<u>-</u>

Market value of listed investments held by the group at 31 March 2022 - £0.

WELLS HOTELS LIMITED

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2022

15. Creditors: amounts falling due within one year

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Trade creditors	379,594	135,638	-	-
Lochs & Glens (Transport) Limited	441,339	-	-	-
Taxation and social security	89,640	37,149	-	-
Other creditors	9,018	22,572	9,018	22,293
Directors' current accounts	97,959	106,767	95,821	95,821
Accruals	645,580	79,925	-	-
Deferred income	3,748,128	1,555,219	-	-
	<u>5,411,258</u>	<u>1,937,270</u>	<u>104,839</u>	<u>118,114</u>

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

16. Creditors: amounts falling due after more than one year

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Preference shares (see note 17)	<u>3,500,000</u>	<u>3,500,000</u>	<u>3,500,000</u>	<u>3,500,000</u>

The directors' loans are unsecured, interest free and carry no schedule of repayment. The directors have 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.

17. Loans

An analysis of the maturity of loans is given below:

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
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:				
Number:	Class:	Nominal value:	2022	2021
			£	£
3,500,000	Preference shares	£1	<u>3,500,000</u>	<u>3,500,000</u>

18. 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 2022**

Group	Non-cancellable operating leases	
	2022	2021
	£	£
Within one year	21,739	21,739
Between one and five years	67,030	86,956
In more than five years	16	1,829
	<u>88,785</u>	<u>110,524</u>

19. Provisions for liabilities

Group	Group	
	2022	2021
	£	£
Deferred tax	<u>85,481</u>	<u>150,293</u>
Group	Deferred tax	
	£	
Balance at 1 April 2021	150,293	
Credit to Statement of Comprehensive Income during year	<u>(64,812)</u>	
Balance at 31 March 2022	<u>85,481</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.

20. Called up share capital

Allotted, issued and fully paid:			2022 £	2021 £
Number:	Class:	Nominal value:		
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.

21. Reserves

Group	Retained earnings	Share premium	Totals
	£	£	£
At 1 April 2021	18,214,058	2,750	18,216,808
Deficit for the year	<u>(353,586)</u>		<u>(353,586)</u>
At 31 March 2022	<u>17,860,472</u>	<u>2,750</u>	<u>17,863,222</u>

WELLS HOTELS LIMITED

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2022

21. Reserves - continued

Company

	Retained earnings £	Share premium £	Totals £
At 1 April 2021	5,478,958	5,649,950	11,128,908
Profit for the year	13,130		13,130
At 31 March 2022	5,492,088	5,649,950	11,142,038

Retained earnings represent cumulative profits and losses net of dividends and other adjustments together with fair value gains and losses on investments.

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

22. Related party disclosures

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

	2022 £	2021 £
Management charge raised	1,200,000	-
Tour transport purchased	5,245,748	39,379
Debit balance at 31 March	-	2,169,138
Credit balance at 31 March	(441,339)	(38,880)

Key management personnel remuneration in the year totalled £689,466 (2021: £456,980).

Loans received from directors

	Total £
Balances due 31 March 2021	95,821
Introduced in year	-
Repaid in year	-
Balances due 31 March 2022	95,821

Loan received from a trust in which the directors are trustees

	Total £
Balance due 31 March 2021	22,293
Repaid in year	(13,275)
Balance due 31 March 2022	9,018

23. Ultimate controlling party

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

24. Pension scheme

The group operates two money purchase (defined contribution) pension schemes. The assets of the schemes are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the schemes and amounted to £55,472 (2020: £132,842).