

Gleneagles Hotels Limited

Annual Report

For the year ended
31 December 2017

Registered number: SC097000

FRIDAY



S7DZFTBK

SCT

07/09/2018

#7

COMPANIES HOUSE

Contents

Strategic Report	1
Directors' report	3
Statement of directors' responsibilities in respect of the annual report and the financial statements	5
Independent auditor's report to the members of Gleneagles Hotels Limited	6
Profit and Loss Account and Other Comprehensive Income	8
Balance Sheet	9
Statement of Changes in Equity	10
Notes	11

Strategic Report

The directors have pleasure in submitting their strategic report, directors' report and the audited financial statements for the year ended 31 December 2017. The Company changed accounting reference date in 2016 and consequently the comparative period to these accounts is the 6 months to 31 December 2016.

Activities

The company was principally engaged during the period in operating The Gleneagles Hotel, Auchterarder, Perthshire.

Going concern

The factors likely to affect the company's future performance and financial position are set out in this strategic report. The directors have prepared cash flow forecasts for the company for the period of at least twelve months from the date of signing these accounts. These show that the cash flows generated by the company will be sufficient to allow it to operate for a period of at least one year. Accordingly, the directors continue to adopt the going concern basis in preparing the company's financial statements.

Business Review

Development and performance of the business of the company during the financial period and position of the company as at 31 December 2017

The development and performance of the business during the year was in line with expectations.

The current business continues to see positive trading conditions. Our multi-million pound refurbishment programme is continuing with the recent opening of our Little Glen crèche and Birnam Brasserie, along with further refurbishment of the hotel's room stock. Alongside other current developments these renovations are set to further enhance Gleneagles' position as a 'Glorious Playground' at the heart of the Scottish countryside.

Principal risks and uncertainties facing the company as at 31 December 2017

The directors consider the main risk facing the company's future trading as the potential occurrence of shocks to the European and American economies that could lead to reduced occupancy from corporate and leisure clients.

Financial and other key performance indicators

The Directors believe that the following indicators represent the company's performance during the period

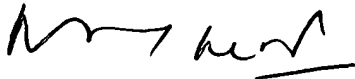
Turnover	12 months to 31 December 2017: £51.2m (6 months to 31 December 2016: £27.6m)
Operating Profit	12 months to 31 December 2017: £2.5m (6 months to 31 December 2016: £3.7m)
Rooms Available	232

Gleneagles Hotels Limited
Registered company number: SC097000
Year ended 31 December 2017

Financial

The results for the year ended 31 December 2017 are shown on page 8.

By order of the board



.....
D A Kemp
Director
The Gleneagles Hotel
Auchterarder, Perthshire
PH3 1NF

Date: 24 AUGUST 2018

Directors' report

Directors

The directors who held office during the year and to the date of this report were as follows:

D A Kemp
B J Murphy (resigned 23/03/2018)
S Pasricha
C H Oakshett (resigned 27/04/2018)

Dividends

Dividends of £63,000,000 were paid during the period (6 months to 31 December 2016: £nil).

Employee involvement

The company's goal is to offer an energising work environment, personal growth and recognition and attractive rewards for the performance of its people and the contribution they make to the company. Its employee policies are designed to support these goals and to do so in a manner that is fair and equitable to all employees. These policies take account of external legislation, internal codes of conduct, as well as the company's values as an organisation.

The company is a multi-cultural community operating in an increasingly diverse business world and is committed to active equality and diversity practices. The company offers people with disability the same opportunities for employment, training and career progression as other employees. Employees who become disabled and unable to continue in their existing jobs are given the opportunity to be retrained for suitable alternative employment. It is also committed to attracting and retaining talented people. The company invests in the growth and development of its people, which contributes directly to the performance and results of the business. Where practical, the company encourages flexible ways of working to enable employees to take some control over the balance between work and home life. The company's reward systems recognise the contribution employees make to the success and reflect the value of the role they are performing.

The company is committed to the safety and wellbeing of employees at work. The company is committed to open and continuous dialogue with its employees as a way to inform and engage them in the company's strategy and business goals as well as harnessing the ideas employees will have on improving broad areas of business performance.

Each senior manager is responsible for delivering against these communication and employee engagement goals. The company has an intranet web site from which employees with access to a computer can obtain timely and accurate news and information.

The company believes that its employee relations are satisfactory.

Gleneagles Hotels Limited
Registered company number: SC097000
Year ended 31 December 2017

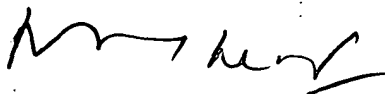
Directors' report (*continued*)

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor KPMG LLP is willing to continue in office and will be deemed to be re-appointed on the expiry of its term in office in respect of the period ended 31 December 2017.

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

By order of the board



.....
D A Kemp
Director

The Gleneagles Hotel
Auchterarder
Perthshire
PH3 1NF

Date: 24 AUGUST 2018

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



Independent auditor's report to the members of Gleneagles Hotels Limited

Opinion

We have audited the financial statements of Gleneagles Hotels Limited ("the company") for the year ended 31 December 2017 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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



Gordon Herbertson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
319 St Vincent Street
Glasgow, G2 5AS
31 August 2018

Profit and Loss Account and Other Comprehensive Income

for the year ended 31 December 2017

	<i>Note</i>	12 months to 31 Dec 2017 £'000	6 months to 31 Dec 2016 £'000
Turnover	2	51,206	27,635
Operating costs	3	(48,692)	(23,924)
Operating profit		2,514	3,711
Loss on disposal of fixed assets		(633)	(62)
Interest receivable and similar income	5	2	2
Interest paid	7	(1,378)	-
Income from shares in group undertakings		-	2,600
Profit before taxation		505	6,251
Tax on profit	8	(663)	(998)
(Loss) / profit for the financial year / period		(158)	5,253

All results arise from continuing operations.

The accounting policies and other notes on pages 11 to 23 form part of the financial statements.

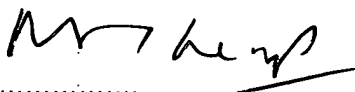
The company has no other comprehensive income other than the profit for the period as set out above.

Balance Sheet
at 31 December 2017

	Note	31 Dec 2017	31 Dec 2016
		£'000	£'000
Fixed assets			
Tangible assets	9	92,836	85,669
Current assets			
Stocks	11	2,204	2,083
Debtors	12	2,961	2,768
Cash at bank and in hand		4,304	5,503
		<u>9,469</u>	<u>10,354</u>
Creditors: amounts falling due within one year	13	<u>(13,086)</u>	<u>(15,111)</u>
Net current liabilities		(3,617)	(4,757)
Creditors: amounts falling due after more than one year	14	(71,392)	-
Provisions for liabilities			
Deferred tax	16	(73)	-
Net assets		<u>17,754</u>	<u>80,912</u>
Capital and reserves			
Called up share capital	18	5,000	35,709
Revaluation reserve		-	11,616
Profit and loss account		12,754	33,587
Shareholders' funds		<u>17,754</u>	<u>80,912</u>

These financial statements were approved by the board of directors on 24 August and were signed on its behalf by:

2018



.....
D A Kemp
Director

Company registered number: SC097000

Statement of Changes in Equity
at 31 December 2017

	<i>Note</i>	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
		£'000	£'000	£'000	£'000
Balance at 30 June 2016		35,709	11,616	28,334	75,659
Total comprehensive income for the period		-	-	5,253	5,253
Balance at 31 December 2016		<u>35,709</u>	<u>11,616</u>	<u>33,587</u>	<u>80,912</u>
Bonus issue of shares	<i>18</i>	11,616	(11,616)	-	-
Reduction in share capital	<i>18</i>	(42,325)		42,325	-
Total comprehensive loss for the year		-	-	(158)	(158)
Dividend paid – Total distributions to owners		-	-	(63,000)	(63,000)
Balance at 31 December 2017		<u><u>5,000</u></u>	<u><u>-</u></u>	<u><u>12,754</u></u>	<u><u>17,754</u></u>

Notes

(forming part of the financial statements)

1 Accounting policies

Gleneagles Hotels Limited (the "Company") is a company incorporated, domiciled and registered in Scotland in the UK. The registered number is SC097000 and the registered address is The Gleneagles Hotel, Auchterarder, Perthshire PH3 1NF.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate UK parent undertaking, GH Holdings 1 Limited includes the Company in its consolidated financial statements. The consolidated financial statements of GH Holdings 1 Limited are available to the public. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of GH Holdings 1 Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements, and estimates with a significant risk of material adjustment in the next year are discussed in note 19.

1.1 *Measurement convention*

The financial statements are prepared on the historical cost basis.

Notes (continued)

1 Accounting policies (continued)

1.2 Going concern

The directors have prepared cash flow forecasts for the company for the period of at least twelve months from the date of signing these accounts. These show that the cash flows generated by the company will be sufficient to allow it to operate for a period of at least one year. Accordingly, the directors continue to adopt the going concern basis in preparing the company's financial statements.

1.3 Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Assets and liabilities in foreign currencies are translated into sterling at the financial year end exchange rates.

All exchange gains and losses are taken to the profit and loss account.

1.4 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, adjusted for the effect of any impairment.

1.5 Investments in subsidiaries

Investments in subsidiaries are carried at cost less impairment.

1.6 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items, for example land is treated separately from buildings.

The company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Depreciation is charged when an asset is brought in to use. Land is not depreciated. Estimated useful lives are as follows:

Building - core	100 years
Building - surfaces	25 years
Equestrian Centre	36 years
Plant and machinery	4 to 12 years
Fixtures and fittings	4 to 7 years

Notes (continued)

1 Accounting policies (continued)

1.6 Tangible fixed assets (continued)

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last financial reporting date in the pattern in which the company expects to consume an asset's future economic benefits.

1.7 Stocks

Stocks are stated at the lower of cost and net realisable value.

1.8 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

1.9 Turnover

Turnover is recognised when the significant risks and rewards of the goods and services provided are transferred to the buyer, the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company.

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

Turnover for the Company comprises the following streams:

- Sale of goods - turnover from retail sales and the sale of food and beverages is recognised at the point of sale.
- Rendering of services - turnover from room sales and other guest services is recognised when rooms are occupied and as services are provided.

1.10 Expenses

Operating leases

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease.

Interest receivable and Interest payable

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Notes (continued)

1 Accounting policies (continued)

1.11 Pensions

Defined contribution pension plan

The company operates a defined contribution pension plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

Contributions are recognised as an expense in the income statement when they fall due. Amounts not paid are shown in other creditors as a liability in the statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

1.12 Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against other future taxable profits or the reversal of deferred tax liabilities.

Notes (continued)

2 Turnover

The turnover and profit on ordinary activities before taxation are attributable to one class of business, that of hotels, all of which is carried out in the United Kingdom.

3 Expenses and auditor's remuneration

Included in operating profit are the following:

	12 months to 31 Dec 2017 £'000	6 months to 31 Dec 2016 £'000
Raw materials and consumables	8,567	4,707
Advertising, marketing and promotion costs	1,999	1,110
Other external charges (a)	363	189
Staff costs (note 4)	18,800	8,979
Depreciation and other amounts written off fixed assets	5,449	2,104
Other operating charges	13,514	6,835
	<u>48,692</u>	<u>23,924</u>

(a) Other external charges include: operating lease rentals for plant and machinery of £302,000 (6 months to 31 December 2016 - £165,000) other lease rentals of £49,000 (6 months to 31 December 2016 - £23,000); loss in respect of foreign exchange £12,000 (6 months to 31 December 2016 - £1,000).

	12 months to 31 Dec 2017 £'000	6 months to 31 Dec 2016 £'000
Auditor's remuneration:		
Amounts receivable by the Company's auditor and its associates in respect of:		
Audit of financial statements	14	13

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, GH Holdings 1 Limited.

Notes (continued)

4 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	12 months to 31 Dec 2017	6 months to 31 Dec 2016
Full time	695	629
Part time	243	254
	<u>938</u>	<u>883</u>

The aggregate payroll costs of these persons were as follows:

	12 months to 31 Dec 2017 £'000	6 months to 31 Dec 2016 £'000
Wages and salaries	16,953	8,039
Social security costs	1,237	591
Contributions to defined contribution plans	610	349
	<u>18,800</u>	<u>8,979</u>

5 Interest receivable and similar income

	12 months to 31 Dec 2017 £'000	6 months to 31 Dec 2016 £'000
Bank interest receivable	2	2
	<u>2</u>	<u>2</u>

6 Directors' remuneration

	12 months to 31 Dec 2017 £'000	6 months to 31 Dec 2016 £'000
Directors' remuneration	609	318
Company contributions to money purchase pension plans	31	6
	<u>640</u>	<u>324</u>

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £359,000 (6 months to 31 December 2016: £228,000), and company pension contributions of £17,000 (6 months to 31 December 2016: £4,000) were made to a money purchase scheme on his behalf.

	Number of directors	
	12 months to 31 Dec 2017	6 months to 31 Dec 2016
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	2	2
	<u>2</u>	<u>2</u>

Notes (continued)

7 Interest payable

	12 months to 31 Dec 2017 £'000	6 months to 31 Dec 2016 £'000
Interest on bank loan	1,256	-
Interest on amounts owed to fellow group undertakings	122	-
	<u>1,378</u>	<u>-</u>

8 Taxation

Total tax expense recognised in the profit and loss account

	12 months to 31 Dec 2017 £'000	6 months to 30 Dec 2016 £'000
<i>Current tax</i>		
Current tax on income for the period	297	742
Adjustments in respect of prior periods	(12)	-
Total current tax	<u>285</u>	<u>742</u>
<i>Deferred tax (see note 16)</i>		
Origination and reversal of timing differences	398	225
Effect of changes in tax rates	-	31
Adjustments in respect of prior periods	(20)	-
Total deferred tax	<u>378</u>	<u>256</u>
Total tax	<u>663</u>	<u>998</u>

All tax recognised above relates to UK corporation tax.

Notes (continued)

8 Taxation (continued)

Reconciliation of effective tax rate

	12 months to 31 Dec 2017 £'000	6 months to 31 Dec 2016 £'000
(Loss) / profit for the year/period	(158)	5,253
Total tax expense	663	998
Profit excluding taxation	<u>505</u>	<u>6,251</u>
Tax using the UK corporation tax rate of 19.25 % (6 months to 31 December 2016 : 20%)	(97)	(1,250)
Fixed Asset differences	(493)	49
Reduction in tax rate on deferred tax balances	-	(31)
Non-deductible expenses	(109)	(286)
Non-taxable income	-	520
Additional allowances available under Land Remediation Relief	4	-
Prior year adjustments	32	-
Total tax expense included in profit or loss	<u>(663)</u>	<u>(998)</u>

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. An additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly and reduce the deferred tax balance.

Notes (continued)

9 Tangible fixed assets

	Freehold land and buildings £'000	Plant and machinery £'000	Fixtures & fittings £'000	Under construction £'000	Total £'000
Cost					
Balance at 1 January 2017	95,787	5,626	36,094	5,148	142,655
Additions	8,205	85	4,975	-	13,265
Transfers	3,215	87	1,846	(5,148)	-
Disposals	(1,257)	-	(153)	-	(1,410)
Balance at 31 December 2017	105,950	5,798	42,762	-	154,510
Depreciation and impairment					
Balance at 1 January 2017	21,078	5,542	30,366	-	56,986
Depreciation charge for the year	3,107	38	2,304	-	5,449
Disposals	(560)	-	(201)	-	(761)
Balance at 31 December 2017	23,625	5,580	32,469	-	61,674
Net book value					
At 1 January 2017	74,709	84	5,728	5,148	85,669
At 31 December 2017	82,325	218	10,293	-	92,836

Included within the net book value of Freehold land and buildings is £9,496,000 (31 December 2016: £9,496,000) in respect of land on which no depreciation is charged.

10 Fixed asset investments

	Subsidiary undertaking £'000
Cost	
At beginning and end of the year	-

On 20 February 2017 the Company transferred ownership of the entire share capital of GH Easterton Farm Limited and Gleneagles Resort Development Limited to GH Holdings 2 Limited at book value. At 31 December 2017 the company had no subsidiary undertakings.

Notes (continued)

11 Stocks

	31 Dec 2017 £'000	31 Dec 2016 £'000
Raw materials and consumables	377	244
Finished goods	1,827	1,839
	<u>2,204</u>	<u>2,083</u>

Raw materials and consumables and finished goods recognised as cost of sales in the period amounted to £8,567,000 (6 months to 31 December 2017: £4,707,000).

12 Debtors

	31 Dec 2017 £'000	31 Dec 2016 £'000
Trade debtors	2,368	1,652
Other prepayments and accrued income	527	811
Deferred taxation (note 16)	-	305
Corporation tax receivable	66	-
	<u>2,961</u>	<u>2,768</u>

All amounts fall due within one year.

13 Creditors: amounts falling due within one year

	31 Dec 2017 £'000	31 Dec 2016 £'000
Trade creditors	3,555	3,531
Amounts owed to fellow group undertakings	297	918
Other taxation including social security	683	618
Corporation tax payable	-	689
Accruals and deferred income	8,551	9,355
	<u>13,086</u>	<u>15,111</u>

14 Creditors: amounts falling due after more than one year

	31 Dec 2017 £'000	31 Dec 2016 £'000
Term loan (note 15)	66,352	-
Amounts owed to fellow group undertakings	5,040	-
	<u>71,392</u>	<u>-</u>

Notes (continued)

15 Loan

Loans repayable, included within creditors, are analysed as follows:

	31 Dec 2017 £'000	31 Dec 2016 £'000
Wholly repayable within five years	71,392	-

The term loan is secured by a floating charge over the assets of the Company.

16 Deferred tax

Deferred tax (liabilities) / assets are attributable to the following:

	Assets		Liabilities		Net	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Tangible fixed assets	-	252	(113)	-	(113)	252
Provisions	40	53	-	-	40	53
Net tax (liability)/asset	40	305	(113)	-	(73)	305

Movement in deferred tax during the year:

	1 January 2017 £'000	Recognised in income £'000	31 December 2017 £'000
Tangible fixed assets	252	(365)	(113)
Provisions	53	(13)	40
	305	(378)	(73)

Movement in deferred tax during prior year:

	1 July 2016 £'000	Recognised in income £'000	31 December 2016 £'000
Tangible fixed assets	481	(229)	252
Provisions	80	(27)	53
	561	(256)	305

Notes (continued)

17 Employee benefits

Defined contribution plans

The Company operates a number of defined contribution pension plans:

The total expense relating to these plans in the current period was £610,000 (6 months to 31 December 2016: £349,000). Outstanding contributions at the year end totalled £28,000 (31 December 2016: £30,000).

18 Capital and reserves

Share capital

	31 Dec 2017 £'000	31 Dec 2016 £'000
<i>Allotted, called up and fully paid</i>		
5,000,000 (2016: 35,709,000) ordinary shares of £1 each	5,000	35,709
	<u>5,000</u>	<u>35,709</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

On 20 February 2017 the Company capitalised the revaluation reserve of £11,615,676 in purchase of a bonus issue of shares at £1 each. The Company subsequently reduced its share capital to £5,000,000.

Dividends

During the year total dividends of £63,000,000 (6 months to 31 December 2016 : nil), were proposed by the directors and paid.

19 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	31 Dec 2017 £'000	31 Dec 2016 £'000
Less than one year	79	114
Between one and five years	320	91
More than five years	43	52
	<u>442</u>	<u>257</u>

During the period £303,000 was recognised as an expense in the profit and loss account in respect of operating leases for plant and machinery (6 months to 31 December 2016: £165,000) and £49,000 in respect of other lease rentals (6 months to 31 December 2016: £23,000).

Notes (continued)

20 Related parties

The company is related to Ennismore International Management Limited (Ennismore) by virtue of the fact that Ennismore is controlled by a director of the company. During the period, Ennismore charged the company £1,915,133 (6 months to 31 December 2016: £961,583) in respect of management and other services. At 31 December 2017, the company owed £149,471 (31 December 2016: £479,807) to Ennismore in respect of these transactions.

The company is related to Glenmor Owners Club (Glenmor) by virtue of the fact that directors of the company are committee members of Glenmor with significant influence over its operations. During the period the company recharged operating costs of £1,911,765 (6 months to 31 Dec 2016: £748,998) to Glenmor.

During the year, the Company paid amounts of £190,153 on behalf of Sharan Pasricha, a director of the Company. At 31 December 2017 the company was owed £131,750, which has been repaid following the balance sheet date.

The Company has taken advantage of the exemption conferred by Financial Reporting Standard 102 Section 33 'Related Party Disclosures' paragraph 33.1A not to disclose transactions with certain group companies on the grounds that 100% of the voting rights in these companies were controlled by the group during the period.

21 Ultimate parent company and parent company of larger group

The Company is a subsidiary of GH Holdings 2 Limited. The ultimate parent company is Bharti Overseas Private Limited. In the opinion of the directors there is no single ultimate controlling party.

Financial results of the company are consolidated at GH Holdings 1 Limited, Scotland which is the parent company of GH Holdings 2 Limited.

22 Accounting estimates and judgements

Key sources of estimation uncertainty

In preparing these financial statements, the directors have had to make the following judgements:

- Determine whether there are indicators of impairment of the company's tangible assets. Factors taken in to consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.