

Gleneagles Hotels Limited

Annual Report

For the year ended
31 December 2018

Registered number: SC097000

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Strategic Report

The directors have pleasure in submitting their strategic report, directors' report and the audited financial statements for the year ended 31 December 2018.

Activities

The company was principally engaged during the year 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. A letter of non recall has been obtained from the immediate parent company, GH Holdings 2 Limited, to confirm that liabilities due will not be called for repayment unless sufficient funds are available. 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 year and position of the company as at 31 December 2018

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 intimate new meeting and event space Ochil House, continued refurbishment of our food and beverage offering at the Dormy Clubhouse, re-development of our golf shop retail offering and further refurbishment of the hotel's room stock. Alongside other current developments, including renovation of our flagship Strathearn restaurant in 2019, 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 2018

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 year

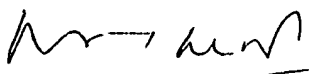
Turnover	12 months to 31 December 2018: £55.3m (2017: £51.2m)
Operating Profit	12 months to 31 December 2018: £3.5m (2017: £2.5m)
Rooms Available	232

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Financial

The results for the year ended 31 December 2018 are shown on page 8.

By order of the board



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

Date: 25 APRIL 2019

Directors' report

Directors

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

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

Dividends

Dividends of £4,000,000 were paid during the year (2017: £63,000,000).

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.

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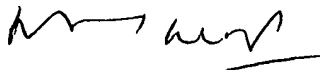
Directors' report (*continued*)

Auditor

KPMG LLP resigned as auditor of the company during the year and BDO LLP were appointed as auditor by the directors. BDO LLP will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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: 25 APRIL 2019

Gleneagles Hotels Limited
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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 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 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 accounting 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;
- 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 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of 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 2018 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and 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 Company's affairs as at 31 December 2018 and of its 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company 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 Company'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 included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

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Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Director's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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; or

Responsibilities of Directors

As explained more fully in the Statement of directors' responsibilities in respect of the annual report and the financial statements, 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 is 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 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 an auditor's report 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 at the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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 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.



Mark RA Edwards (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London, United Kingdom

Date: 29/04/2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Glenagles Hotels Limited
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Profit and Loss Account and Other Comprehensive Income

for the year ended 31 December 2018

	<i>Note</i>	2018 £'000	2017 £'000
Turnover	2	55,342	51,206
Operating costs	3	(51,844)	(48,692)
Operating profit		3,498	2,514
Loss on disposal of fixed assets		(1,398)	(633)
Interest receivable and similar income	5	10	2
Interest paid	7	(2,055)	(1,378)
Profit before taxation		55	505
Tax on profit	8	(789)	(663)
Loss for the year		(734)	(158)

All results arise from continuing operations.

The accounting policies and other notes on pages 11 to 24 form part of the financial statements.

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

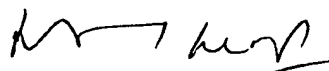
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Balance Sheet
at 31 December 2018

	Note	2018 £'000	2017 £'000
Fixed assets			
Tangible assets	9	94,051	92,836
Current assets			
Stocks	10	2,206	2,204
Debtors	11	3,299	2,961
Cash at bank and in hand		4,718	4,304
		<u>10,223</u>	<u>9,469</u>
Creditors: amounts falling due within one year	12	<u>(14,986)</u>	<u>(13,086)</u>
Net current liabilities		<u>(4,763)</u>	<u>(3,617)</u>
Total assets less current liabilities		<u>89,288</u>	<u>89,219</u>
Creditors: amounts falling due after more than one year	13	<u>(75,663)</u>	<u>(71,392)</u>
Provisions for liabilities			
Deferred tax	15	(605)	(73)
Net assets		<u>13,020</u>	<u>17,754</u>
Capital and reserves			
Called up share capital	17	5,000	5,000
Profit and loss account		8,020	12,754
Shareholders' funds		<u>13,020</u>	<u>17,754</u>

The accounting policies and other notes on pages 11 to 24 form part of the financial statements.

These financial statements were approved and authorised for issue by the board of directors on 26 APRIL and were signed on its behalf by: 2019



 D A Kemp
 Director

Company registered number: SC097000

Glenegles Hotels Limited
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Statement of Changes in Equity

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£'000	£'000	£'000	£'000
Balance at 31 December 2016	35,709	11,616	33,587	80,912
Bonus issue of shares	11,616	(11,616)	-	-
Reduction in share capital	(42,325)	-	42,325	-
Total comprehensive loss for the year	-	-	(158)	(158)
Dividend paid – Total distribution to owners	-	-	(63,000)	(63,000)
Balance at 31 December 2017	5,000	-	12,754	17,754
Total comprehensive loss for the year	-	-	(734)	(734)
Dividend paid – Total distribution to owners	-	-	(4,000)	(4,000)
Balance at 31 December 2018	5,000	-	8,020	13,020

Gleneagles Hotels Limited
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Year ended 31 December 2018

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 22.

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. A letter of non recall has been obtained from the immediate parent company, GH Holdings 2 Limited, to confirm that liabilities due will not be called for repayment unless sufficient funds are available. 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, less any impairment losses.

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 year 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 year, 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.

Glen Eagles Hotels Limited
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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:

	2018 £'000	2017 £'000
Raw materials and consumables	8,482	8,567
Advertising, marketing and promotion costs	2,396	1,999
Other external charges (a)	433	363
Staff costs (note 4)	19,515	18,800
Depreciation and other amounts written off fixed assets	6,305	5,449
Other operating charges	14,713	13,514
	<u>51,844</u>	<u>48,692</u>

(a) Other external charges include: operating lease rentals for plant and machinery of £325,000 (2017 - £302,000) other lease rentals of £52,000 (2017 - £49,000); loss in respect of foreign exchange £3,000 (2017 - £12,000).

	2018 £'000	2017 £'000
Auditor's remuneration:		
Amounts receivable by the Company's auditor and its associates in respect of:		
Audit of financial statements	24	14

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 I 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	
	2018	2017
Full time	719	695
Part time	296	243
	<u>1,015</u>	<u>938</u>

The aggregate payroll costs of these persons were as follows:

	2018	2017
	£'000	£'000
Wages and salaries	17,681	16,953
Social security costs	1,288	1,237
Contributions to defined contribution plans	546	610
	<u>19,515</u>	<u>18,800</u>

5 Interest receivable and similar income

	2018	2017
	£'000	£'000
Bank interest receivable	10	2
	<u>10</u>	<u>2</u>

6 Directors' remuneration

	2018	2017
	£'000	£'000
Directors' remuneration	658	609
Company contributions to money purchase pension plans	11	31
	<u>669</u>	<u>640</u>

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £442,000 (2017: £359,000), and company pension contributions of £11,000 (2017: £17,000) were made to a money purchase scheme on his behalf.

	Number of directors	
	2018	2017
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	1	2
	<u>1</u>	<u>2</u>

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Notes (continued)

7 Interest payable

	2018 £'000	2017 £'000
Interest on bank loan	1,739	1,256
Interest on amounts owed to fellow group undertakings	316	122
	<u>2,055</u>	<u>1,378</u>

8 Taxation

Total tax expense recognised in the profit and loss account

	2018 £'000	2017 £'000
<i>Current tax</i>		
Current tax on income for the year	308	297
Adjustments in respect of prior periods	(51)	(12)
	<u>257</u>	<u>285</u>
<i>Deferred tax (see note 15)</i>		
Origination and reversal of timing differences	515	398
Adjustments in respect of prior periods	17	(20)
	<u>532</u>	<u>378</u>
Total deferred tax	<u>532</u>	<u>378</u>
Total tax	<u>789</u>	<u>663</u>

All tax recognised above relates to UK corporation tax.

Glenegles Hotels Limited
Registered company number: SC097000
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Notes (continued)

8 Taxation (continued)

Reconciliation of effective tax rate

	2018 £'000	2017 £'000
Loss for the year	(734)	(158)
Total tax expense	789	663
	<hr/>	<hr/>
Profit excluding taxation	55	505
	<hr/>	<hr/>
Tax using the UK corporation tax rate of 19 % (2017 : 19.25%)	(11)	(97)
Accelerated capital allowances and other fixed asset timing differences	(872)	(493)
Reduction in tax rate on deferred tax balances	60	-
Non-deductible expenses	(5)	(109)
Additional allowances available under Land Remediation Relief	5	4
Prior year adjustment	34	32
	<hr/>	<hr/>
Total tax expense included in profit or loss	(789)	(663)
	<hr/>	<hr/>

The UK tax rate will reduce to 17% on 1 April 2020. This will reduce the company's future current tax charge accordingly and reduce the deferred tax balance.

Gleneagles Hotels Limited
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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 2018	105,950	5,798	42,762	-	154,510
Additions	4,982	73	3,162	838	9,055
Disposals	(3,363)	-	(5,405)	-	(8,768)
Balance at 31 December 2018	107,569	5,871	40,519	838	154,797
Depreciation and impairment					
Balance at 1 January 2018	23,625	5,580	32,469	-	61,674
Depreciation charge for the year	3,629	79	2,597	-	6,305
Disposals	(1,990)	-	(5,243)	-	(7,233)
Balance at 31 December 2018	25,264	5,659	29,823	-	60,746
Net book value					
At 1 January 2018	82,325	218	10,293	-	92,836
At 31 December 2018	82,305	212	10,696	838	94,051

Included within the net book value of Freehold land and buildings is £9,921,242 (31 December 2017: £9,921,242) in respect of land on which no depreciation is charged.

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Notes (continued)

10 Stocks

	2018 £'000	2017 £'000
Raw materials and consumables	484	377
Finished goods	1,722	1,827
	<u>2,206</u>	<u>2,204</u>

Raw materials and consumables and finished goods recognised as cost of sales in the year amounted to £8,482,000 (2017: £8,567,000).

11 Debtors

	2018 £'000	2017 £'000
Trade debtors	2,021	2,368
Other prepayments and accrued income	1,148	527
Corporation tax receivable	130	66
	<u>3,299</u>	<u>2,961</u>

All amounts fall due within one year.

12 Creditors: amounts falling due within one year

	2018 £'000	2017 £'000
Trade creditors	3,471	3,555
Amounts owed to fellow group undertakings	323	297
Other taxation including social security	767	683
Accruals and deferred income	10,425	8,551
	<u>14,986</u>	<u>13,086</u>

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Notes (continued)

13 Creditors: amounts falling due after more than one year

	2018 £'000	2017 £'000
Term loan	66,459	66,352
Amounts owed to fellow group undertakings	9,107	5,040
Group advance deposits	97	-
	<u>75,663</u>	<u>71,392</u>

The term loan is secured by a floating charge over the assets of the Company. The term loan is repayable on 21 February 2022. Interest is payable at 1.75% above LIBOR. The amounts owed to fellow group undertakings is repayable on 11 February 2022. Interest is payable at 4%.

14 Loan

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

	2018 £'000	2017 £'000
Wholly repayable in two to five years	75,566	71,392
	<u>75,566</u>	<u>71,392</u>

Notes (continued)

15 Deferred tax

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

	Assets		Liabilities		Net	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Tangible fixed assets	-	-	(647)	(113)	(647)	(113)
Provisions	42	40	-	-	42	40
Net tax (liability)/asset	42	40	(647)	(113)	(605)	(73)

Movement in deferred tax during the year:

	1 January 2018 £'000	Recognised in income £'000	31 December 2018 £'000
Tangible fixed assets	(113)	(534)	(647)
Provisions	40	2	42
	(73)	(532)	(605)

Movement in deferred tax during prior 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)

16 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 year was £546,000 (2017: £610,000). Outstanding contributions at the 31 December 2018 totalled £51,000 (2017: £28,000).

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Notes (continued)

17 Capital and reserves

Share capital

	2018 £'000	2017 £'000
<i>Allotted, called up and fully paid</i>		
5,000,000 (2017: 5,000,000) ordinary shares of £1 each	5,000	5,000
	<u>5,000</u>	<u>5,000</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.

Dividends

During the year total dividends of £4,000,000 (2017: £63,000,000), were proposed by the directors and paid.

18 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2018 £'000	2017 £'000
Less than one year	102	79
Between one and five years	573	320
More than five years	38	43
	<u>713</u>	<u>442</u>

During the year £325,000 was recognised as an expense in the profit and loss account in respect of operating leases for plant and machinery (2017: £302,000) and £52,000 in respect of other lease rentals (2017: £49,000).

Non-cancellable operating lease rentals receivable are as follows:

	2018 £'000	2017 £'000
Less than one year	41	12
Between one and five years	412	612
More than five years	-	-
	<u>453</u>	<u>624</u>

During the year £504,924 was recognised as income on contingent rents (2017: £339,807).

Notes *(continued)*

19 Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £4,592,158 for the company (2017: £Nil).

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 year, Ennismore charged the company £2,029,755 (2017: £1,915,133) in respect of management and other services. At 31 December 2018, the company owed £686,494 (2017: £149,471) 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 year the company recharged operating costs of £2,173,965 (2017: £1,911,765) to Glenmor. At 31 December 2018 the company was due £5,555 (2017: £Nil) from Glenmor.

During the year the Company received funds of £340,109 (2017: £Nil) from and paid amounts of £195,806 (2017: £190,153) on behalf of a director of the Company. At 31 December 2018 the company owed the director £12,553 (2017 debtor: £131,750).

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 year.

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.

The largest group in which the results the company are consolidated is that headed by Bharti Overseas Private Limited, a company incorporated in India. Copies of the Bharti Overseas Private Limited consolidated accounts are available to the public and may be obtained from the Ministry of Corporate Affairs, India.

The smallest group in which the results are consolidated is that headed by GH Holdings 1 Limited, a company registered in England and Wales. The consolidated accounts of GH Holdings 1 Limited are available to the public and may be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

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.