

Company Registration No. SC000268 (Scotland)

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**CRIEFF HYDRO LIMITED**

**REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
28 FEBRUARY 2019**



# CRIEFF HYDRO LIMITED

## COMPANY INFORMATION

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**Directors** GKS Leckie BA CDir  
FB Leckie  
JD Jennett MA MLitt FC1M FHOSPA  
JD Turnbull BSc (Hons)

**Company number** SC000268

**Registered office** Crieff Hydro Hotel  
Ferntower Road  
Crieff  
Perthshire  
United Kingdom  
PH7 3LQ

**Auditor** RSM UK Audit LLP  
Chartered Accountants  
First Floor, Quay 2  
139 Fountainbridge  
Edinburgh  
EH3 9QG

**Solicitors** Brechin Tindal Oatts  
48 St Vincent Street  
Glasgow  
G2 5HS

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# **CRIEFF HYDRO LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 28 FEBRUARY 2019**

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The directors present the strategic report for the year ended 28 February 2019.

#### **Principal activities**

Crieff Hydro Limited currently owns six hotels: Crieff Hydro, Murrayspark Hotel, Peebles Hydro, The Park in Peebles, the Ballachulish Hotel and the Isles of Glencoe Hotel and Leisure Centre.

In addition, Crieff Hydro operated two hotels during the year on behalf of private owners under a management contract through a wholly owned subsidiary company, Freedom Hotels (Management) Limited, namely The Green Hotel and Windlestrae Hotel in Kinross. This contract came to an end in January 2019.

After providing services under a Consultancy Agreement for a period of refurbishment by the owners at the Kings House Hotel and Bunkhouse in Glencoe, Freedom Hotels (Management) Limited entered into an ongoing Management Agreement in January 2019 to coincide with the re-opening of the property.

Peebles Hydro Limited continues to operate Peel Café at nearby Glentress Forest under a management contract with Forest Enterprise.

#### **Business review**

During 2018, the UK experienced its first decrease in overseas visitor numbers in eight years. However, despite an increase in room supply (over 1,500 rooms added in Edinburgh and Glasgow alone last year) and continued uncertainties surrounding BREXIT, the hotel market in Scotland showed some resilience and, in some areas, has been boosted by domestic tourism. This continued demand created some opportunity for revenue growth for the group, in part offset by the level of new rooms supply in the market.

Political, economic and exchange rate factors continue to negatively affect supplier costs whilst the implementation of the National Living Wage, Apprenticeship Levy and non-domestic business rates pressurise the hospitality, retail and other sectors to seek savings and efficiencies. Crieff Hydro Ltd is no exception.

With a significant dependency on an employment pipeline from the EU and high employment rates in the areas where the group's hotels operate, the uncertainty surrounding BREXIT has constrained labour supply. The directors expect this to continue and possibly become more critical, whilst certain specialist roles such as chefs exhibit chronic undersupply. To offset these pipeline shortages the group introduced various initiatives during the year, notably a transformation in the use of digital strategies to reach a wider audience of potential new recruits. At the same time, there has been an emphasis on the retention and development of existing team-members and continued participation in activities to promote hospitality as a first-choice career amongst young people.

The directors monitor equal pay and opportunity, consistently benchmarking pay rates to ensure they are competitive in the market place and to maintain pay levels associated with job roles. The directors are pleased with the continuing positive results from the Gender Pay Gap results – these are available on [www.crieffhydro.com](http://www.crieffhydro.com).

The celebration of Crieff Hydro Limited's 150th year during 2018 reinforced the directors view that the main driver for the business is long-term sustainability. Alongside the general principles of placing customers, compliance and people at the heart of the business, the group has focussed on the enablers of revenue growth. These range from marketing, customer service and investment. In parallel, the group has further progressed its ability to control and manage costs through improving systems and the development of its management practices.

As well as maintaining standards at Crieff Hydro, the group has carried out transformational refurbishments at its hotels in Peebles and Glencoe. These investments will continue in the coming year at all properties. Simultaneously, the group continues to develop new concepts to further enhance the customer offering. A number of such projects are underway in all properties, a typical example being the development of the 1881 Gin School and Distillery at Peebles Hydro. Opening in summer 2019, this will be amongst the largest scale gin schools in the country; unique in being associated with residential accommodation and in the quality and provenance of a product distilled from the hotel's private and pure hillside water supply.

Whilst investment in customer facilities advances, so does spend on the systems and facilities to support enhanced growth and customer service. This has meant progressive investment in the development of our people as well as significant internal and customer-facing digital and IT projects.

# CRIEFF HYDRO LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 28 FEBRUARY 2019

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#### *Consolidated results*

The consolidated profit and loss account includes the results for Crieff Hydro Limited (Crieff Hydro Hotel and the Murraypark Hotel), Peebles Hydro Limited (Peebles Hydro Hotel, The Park and Peel Café), Freedom Hotels West Limited (the Ballachulish Hotel and the Isles of Glencoe Hotel) and Freedom Hotels (Management) Limited for the full year.

Consolidated revenue achieved for the year was £31,229,139 (2018: £29,787,355) which has resulted in an operating profit of £2,037,765 (2018: £1,346,292). Profit before tax (PBT) and dividends for the year were £1,198,783 (2018: £980,781). This includes fair value movement on financial instruments resulting in a gain of £45,712 (2018: loss of £344,895) and revaluation of investment properties amounting to a £193,500 net loss (2018: £68,439 net loss).

The key measure for the business, and the direct correlation to cash generated, is earnings before interest, tax, depreciation and amortisation (EBITDA) which was £3,609,843 (2018: £3,490,355).

Together with PBT and EBITDA, other key performance measures of financial and operational performance which the Board and Management closely monitor are customer and team feedback, occupancy, average rate, rooms revenue per available room (RevPAR) and total revenue per available room (TrevPAR).

With revenue growing 5% and profitability improved on a consolidated basis, the directors believe this represents a strong result in a difficult market. The performance of the parent and its subsidiaries is outlined below. Each has similar potential risks from the wider political and economic situation, however each has opportunity and capacity for further growth.

#### *Crieff Hydro Limited (the parent company)*

Revenue for Crieff Hydro resort increased compared with prior year to £20,539,227 (2018: £20,020,284). The results show an increase in EBITDA from £2,036,262 (2018) to £2,197,419, after netting off the fair value loss on the interest rate swap of £344,895 in 2018 and a fair value gain in 2019 of £45,713.

Capital investment continued at Crieff Hydro and Murraypark Hotels in the year, with a spend of £1,255,286 (2018: £1,063,503).

Whilst the directors are pleased to be reporting revenue growth for the well-established Crieff Hydro and Murraypark Hotels in a challenging market, they believe there is greater opportunity to grow revenue and improve profitability underpinned by further investment.

#### *Peebles Hydro Limited*

The company achieved revenue growth to £6,245,229 during the year (2018: £5,612,039). At an EBITDA level, the company made a profit of £673,370 (2018: £277,482) which represents a £395,888 improvement on prior year.

Capital investment continued at Peebles Hydro and the Park Hotel with a spend of £588,736 (2018: £752,634)

With further potential to be realised, strong ongoing growth in revenue and profit for Peebles Hydro Ltd reflects the investment in customer facilities and people made since these hotels were purchased in poor condition in 2014.

#### *Freedom Hotels West Limited*

The Ballachulish Hotel and Isles of Glencoe Hotel and Leisure Centre posted revenue of £4,290,103 (2018: £3,960,445) with EBITDA of £609,574 (2018: £579,708).

Capital investment continued at the Ballachulish Hotel and Isles of Glencoe Hotel with a spend of £1,010,982 in the hotels (2018: £457,950).

With further potential to be realised and more investment to come, strong ongoing growth in revenue and profit for Freedom Hotels West Limited reflects the investment in customer facilities and people made since purchased in poor condition in 2016.

# **CRIEFF HYDRO LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 28 FEBRUARY 2019**

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#### *Freedom Hotels (Management) Limited*

During the course of the year the company continued to receive management fees under its management agreements as outlined above. Management fees earned under these agreements are included in the consolidated results of Crieff Hydro Limited.

#### *Crieff Hydro Limited (consolidated)*

The current year profit after tax available for distribution amounted to £910,550 (2018: £882,572).

In light of the results for the year, the directors recommend a dividend of 6.0 pence per share for the year ended 28 February 2019 (2018: 6.0 pence).

#### **Non-financial**

##### *Corporate Social Responsibility*

The company and its subsidiaries have continued to build on their strength in this area and to participate in a number of voluntary schemes. This includes the national Green Tourism Scheme – the world's largest sustainable certification programme of its kind – under which Crieff Hydro itself has maintained gold status.

Stephen Leckie has continued to carry out voluntary leadership roles to develop the future of the parent company's town and region in addition to the tourism industry at large.

#### **Principal risks and uncertainties**

##### *Availability of finance*

All borrowings are with Santander Bank. Crieff Hydro Limited has secured funding through until 2024. This originally comprised a £13m term loan and a £3m revolving credit facility, subsequently converted to a fixed term loan during the current year. The balance of the £13m term loan at the year-end was £10.5m.

In June 2018, the £3m revolving credit facility (to facilitate refurbishment at the Peebles properties) converted to a term loan and a separate interest rate swap was introduced to hedge the £3m facility against interest rate movements. The balance on this loan at the year-end is £2.9m.

Freedom Hotels West Limited has secured funding through until 2026 via a £1.4m term loan: the year-end balance was £1.27m. Freedom Hotels West Limited has also issued £1.2m of loan notes to private investors with a three-year term due for repayment in August 2019.

The company has entered into positive discussions with Santander to re-finance the existing term-loan arrangements across the group, such that the obligations under these Loan Notes can be met. Revised projected cash flows have been prepared to reflect ongoing re-finance discussions to demonstrate that the company would be able to operate against any revised facility, meeting its covenants and future obligations.

Total indebtedness of the company and its subsidiaries at the year-end was £16.56m (2018: £16.49m) with cash balances of £2,182,142 (2018: £1,797,941).

Capital expenditure for the hotels operated under management agreements is funded through profits generated by those businesses and/or by the owner and therefore makes no call on the borrowings of the Crieff Hydro Limited.

Arrangements are in place for a significant proportion (circa 69%) of the group's borrowings to be on a longer-term fixed rate via an interest rate swap and the term loan of £1.2m provided to Freedom Hotels West Limited is a fixed rate loan. This provides a high degree of certainty on the borrowing costs going forward and takes advantage of the historically low current interest rate.

# CRIEFF HYDRO LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2019

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### *Customer demand and future prospects*

As outlined above, the prevailing political and economic conditions create uncertainty surrounding the strength of customer demand across leisure and conference customers.

The same conditions continue to significantly change operating models across a number of sectors in the UK economy and it remains to be seen how these will impact demand and profitability across the sector in the medium-term.

Similarly, there is uncertainty over supplier costs, business-rates and the trajectory of the National Living Wage.

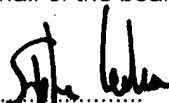
The impact of the potential constraint on workforce pipeline, mainly as a result of BREXIT, is yet to be fully felt across the sector. This could yet lead to an acute shortage of team-members over a sustained period and could become a critical challenge.

With legislation having been introduced to pave the way for the possibility of a local authority "tourism tax" being levied in future, this could have a significant impact on the business.

The Scottish Government's abrupt decision to abandon plans to abolish Air Passenger Duty has been criticised by many in the tourism sector given the economic benefits that had been quantified. Nonetheless, this demonstrates the possibility that further significant and rapid decisions could be made in a number of areas by the UK or Scottish Governments in the context of "climate emergency". Such decisions could impact the group.

In all these risk areas, the group has and is continuing to take early, decisive action to offset potential risks. The strategy remains one of optimising a sustainable financial performance and customer reputation across the portfolio for the foreseeable future and to take a long-term outlook with investment.

On behalf of the board



GKS Leckie BA CDir  
Director

Date: 24/6/19

# **CRIEFF HYDRO LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 28 FEBRUARY 2019**

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The directors present their annual report and financial statements for the year ended 28 February 2019.

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

GKS Leckie BA CDir

FB Leckie

JD Jennett MA MLitt FC1M FHOSPA

C Muirden MA FRSA

(Resigned 30 June 2018)

JD Turnbull BSc (Hons)

#### **Results and dividends**

The results for the year are set out on page 10.

During the year a dividend of £387,169 (2018: £295,046) was paid to shareholders.

#### **Employee involvement**

A focus on People remains a key part of the group's strategy.

The group recognises its social and statutory duty to employ disabled persons and pursues a policy of providing, wherever possible, the same employment opportunities to disabled persons as to others.

#### **Future developments**

The hotel sector has continued to be affected by adverse market conditions referred to above. Current exchange rates, the rise in the National Living and Minimum Wages and political uncertainty in the UK and across Europe have resulted in adverse economic conditions for the hotel sector. The unifying factor in all sectoral reports is that the prosperity of the hotel sector is linked to the outlook for the national and regional economy where the directors note that there remains continued uncertainty.

#### **Auditor**

In accordance with the company's articles of association, the directors shall propose at the annual general meeting a resolution to re-appoint RSM UK Audit LLP as the company's auditor.

#### **Statement of disclosure to auditor**

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

#### **Principal risks and uncertainties**

The directors have included the key principal risks affecting the company and its subsidiaries within the Strategic Report on page 3.

# CRIEFF HYDRO LIMITED

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2019

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### Going concern

As noted in the Strategic Report, the company has long-term banking arrangements with Santander and the directors have prepared projected cash flow information for the period ending twelve months from the date of their approval of these financial statements. These projections demonstrate that the company is able to operate within its existing bank facilities and meet its covenants and other obligations.

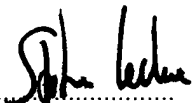
As noted above, Freedom Hotels West Limited previously issued £1.2m of loan notes to private investors with a three-year term due for repayment in August 2019. The company has entered into positive discussions with Santander to re-finance the existing term-loan arrangements across the group, such that the obligations under these Loan Notes can be met. Revised projected cash flows have been prepared to reflect ongoing re-finance discussions to demonstrate that the company would be able to operate against any revised facility, meeting its covenants and future obligations.

On this basis, the directors continue to prepare the financial statements on the going concern basis.

### Charitable donations

The company provided considerable support to local charities, schools and organisations through the provision of facilities and vouchers for free food and accommodation at its hotels. Team members also participated in events and with local organisations.

On behalf of the board



GKS Leckie BA CDir  
Director

Date: 29/6/19



# **CRIEFF HYDRO LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

### **FOR THE YEAR ENDED 28 FEBRUARY 2019**

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The directors are responsible for preparing the Strategic Report and 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 group and company, 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;
- 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 group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and 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 CRIEFF HYDRO LIMITED

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## Opinion

We have audited the financial statements of Crieff Hydro Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 28 February 2019 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows 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 FRS 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 the parent company's affairs as at 28 February 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent 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 group's or the parent 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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 our audit:

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

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CRIEFF HYDRO LIMITED (CONTINUED)

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

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' 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 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 directors' responsibilities statement set out on page 7, 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 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.

## 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 on the Financial Reporting Council's website at: <http://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.

RSM UK Audit LLP

Claire Monaghan (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

First Floor, Quay 2

139 Fountainbridge

Edinburgh

EH3 9QG

24/6/19

# CRIEFF HYDRO LIMITED

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 28 FEBRUARY 2019

	Notes	2019 £	2018 £
Turnover	3	31,229,139	29,787,355
Cost of sales		(18,556,096)	(17,208,550)
<b>Gross profit</b>		<b>12,673,043</b>	<b>12,578,805</b>
Administrative expenses		(10,635,278)	(11,232,513)
<b>Operating profit</b>	7	<b>2,037,765</b>	<b>1,346,292</b>
Interest receivable and similar income	9	51,813	2,443
Interest payable and similar expenses	10	(697,295)	(299,515)
Fair value gains and losses on investment properties	15	(193,500)	(68,439)
<b>Profit before taxation</b>		<b>1,198,783</b>	<b>980,781</b>
Tax on profit	11	(288,233)	(98,209)
<b>Profit for the financial year</b>		<b>910,550</b>	<b>882,572</b>

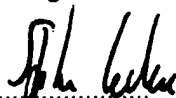
Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

**CRIEFF HYDRO LIMITED****CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 28 FEBRUARY 2019**

	Notes	2019 £	£	2018 £	£
<b>Fixed assets</b>					
Goodwill	13	204,086		217,692	
Negative goodwill	13	(168,931)		(288,177)	
Net goodwill		35,155		(70,485)	
Tangible assets	14	33,341,697		32,312,198	
Investment properties	15	3,995,000		4,184,500	
		37,371,852		36,426,213	
<b>Current assets</b>					
Stocks	18	297,914		272,983	
Debtors	19	1,369,573		1,245,249	
Cash at bank and in hand		2,128,142		1,797,941	
		3,795,629		3,316,173	
<b>Creditors: amounts falling due within one year</b>	20	(11,494,819)		(11,416,492)	
<b>Net current liabilities</b>		(7,699,190)		(8,100,319)	
<b>Total assets less current liabilities</b>		29,672,662		28,325,894	
<b>Creditors: amounts falling due after more than one year</b>	21	(14,274,287)		(13,468,943)	
<b>Provisions for liabilities</b>	25	(1,135,451)		(1,064,944)	
<b>Net assets</b>		14,262,924		13,792,007	
<b>Capital and reserves</b>					
Called up share capital	28	6,682,155		6,682,155	
Share premium account	29	801,154		801,154	
Revaluation reserve	29	3,721,076		3,892,030	
Own shares	29	(510,738)		(504,539)	
Profit and loss reserves	29	3,569,277		2,921,207	
<b>Total equity</b>		14,262,924		13,792,007	

The financial statements were approved by the board of directors and authorised for issue on 24/6/19... and are signed on its behalf by:



GKS Leckie BA CDir  
Director

**CRIEFF HYDRO LIMITED****COMPANY STATEMENT OF FINANCIAL POSITION****AS AT 28 FEBRUARY 2019**

	Notes	2019 £	£	2018 £	£
<b>Fixed assets</b>					
Tangible assets	14	21,482,259		21,249,805	
Investment properties	15	3,995,000		4,184,500	
Investments	16	4,509,706		4,509,706	
		<u>29,986,965</u>		<u>29,944,011</u>	
<b>Current assets</b>					
Stocks	18	206,641		195,360	
Debtors	19	5,658,391		5,356,679	
Cash at bank and in hand		912,127		513,545	
		<u>6,777,159</u>		<u>6,065,584</u>	
<b>Creditors: amounts falling due within one year</b>	20	<u>(7,836,555)</u>		<u>(9,079,719)</u>	
<b>Net current liabilities</b>		<u>(1,059,396)</u>		<u>(3,014,135)</u>	
<b>Total assets less current liabilities</b>		<u>28,927,569</u>		<u>26,929,876</u>	
<b>Creditors: amounts falling due after more than one year</b>	21	(13,063,486)		(11,078,983)	
<b>Provisions for liabilities</b>	25	(881,215)		(831,623)	
<b>Net assets</b>		<u>14,982,868</u>		<u>15,019,270</u>	
<b>Capital and reserves</b>					
Called up share capital	28	6,682,155		6,682,155	
Share premium account	29	801,154		801,154	
Revaluation reserve	29	3,721,076		3,892,030	
Own shares	29	(510,738)		(504,539)	
Profit and loss reserves	29	4,289,221		4,148,470	
<b>Total equity</b>		<u>14,982,868</u>		<u>15,019,270</u>	

# CRIEFF HYDRO LIMITED

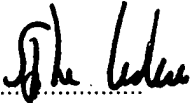
## COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 28 FEBRUARY 2019

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As permitted by s408 Companies Act 2006, the company has not presented its own statement of comprehensive income and related notes as it prepares group accounts. The company's profit for the year was £403,231 (2018 - £650,448 profit).

The financial statements were approved by the board of directors and authorised for issue on 24/6/19 and are signed on its behalf by:



GKS Leckie BA CDir  
Director

## CRIEFF HYDRO LIMITED

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 28 FEBRUARY 2019

	Notes	Share capital £	Share premium account £	Revaluation reserve £	Own shares £	Profit and loss reserves £	Total £
<b>Balance at 1 March 2017</b>		6,682,155	801,154	3,946,578	(282,456)	2,337,174	13,484,605
<b>Year ended 28 February 2018:</b>							
Profit and total comprehensive income for the year		-	-	-	-	882,572	882,572
Dividends	12	-	-	-	-	(295,046)	(295,046)
Own shares acquired		-	-	-	(222,083)	(58,041)	(280,124)
Transfers		-	-	(54,548)	-	54,548	-
<b>Balance at 28 February 2018</b>		6,682,155	801,154	3,892,030	(504,539)	2,921,207	13,792,007
<b>Year ended 28 February 2019:</b>							
Profit and total comprehensive income for the year		-	-	-	-	910,550	910,550
Dividends	12	-	-	-	-	(387,169)	(387,169)
Own shares acquired		-	-	-	(6,199)	(46,265)	(52,464)
Transfers		-	-	(170,954)	-	170,954	-
<b>Balance at 28 February 2019</b>		6,682,155	801,154	3,721,076	(510,738)	3,569,277	14,262,924



# CRIEFF HYDRO LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 28 FEBRUARY 2019

	Notes	Share capital £	Share premium account £	Revaluation reserve £	Own shares £	Profit and loss reserves £	Total £
<b>Balance at 1 March 2017</b>		6,682,155	801,154	3,946,578	(282,456)	3,796,561	14,943,992
<b>Year ended 28 February 2018:</b>							
Profit and total comprehensive income for the year		-	-	-	-	650,448	650,448
Dividends	12	-	-	-	-	(295,046)	(295,046)
Own shares acquired		-	-	-	(222,083)	(58,041)	(280,124)
Transfers		-	-	(54,548)	-	54,548	-
<b>Balance at 28 February 2018</b>		6,682,155	801,154	3,892,030	(504,539)	4,148,470	15,019,270
<b>Year ended 28 February 2019:</b>							
Profit and total comprehensive income for the year		-	-	-	-	403,231	403,231
Dividends	12	-	-	-	-	(387,169)	(387,169)
Own shares acquired		-	-	-	(6,199)	(46,265)	(52,464)
Transfers		-	-	(170,954)	-	170,954	-
<b>Balance at 28 February 2019</b>		6,682,155	801,154	3,721,076	(510,738)	4,289,221	14,982,868

# CRIEFF HYDRO LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 28 FEBRUARY 2019

	Notes	2019 £	£	2018 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	30	4,419,027		4,828,867	
Interest paid		(688,697)		(644,410)	
Income taxes paid		(205,652)		(167,201)	
<b>Net cash inflow from operating activities</b>		<b>3,524,678</b>		<b>4,017,256</b>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(2,748,013)		(2,274,086)	
Proceeds on disposal of tangible fixed assets		22,500		4,166	
Interest received		6,100		2,443	
<b>Net cash used in investing activities</b>		<b>(2,719,413)</b>		<b>(2,267,477)</b>	
<b>Financing activities</b>					
Purchase of own shares		(52,464)		(280,124)	
Proceeds of borrowings		3,000,000		-	
Repayment of borrowings		(3,091,172)		(692,986)	
Payment of finance leases obligations		(64,161)		(35,500)	
Dividends paid to equity shareholders		(387,169)		(295,046)	
<b>Net cash used in financing activities</b>		<b>(594,966)</b>		<b>(1,303,656)</b>	
<b>Net increase in cash and cash equivalents</b>		<b>210,299</b>		<b>446,123</b>	
Cash and cash equivalents at beginning of year		1,167,843		721,720	
<b>Cash and cash equivalents at end of year</b>		<b>1,378,142</b>		<b>1,167,843</b>	
<b>Relating to:</b>					
Cash at bank and in hand		2,128,142		1,797,941	
Bank overdrafts included in creditors payable within one year		(750,000)		(630,098)	
		<b>1,378,142</b>		<b>1,167,843</b>	

# CRIEFF HYDRO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2019

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### 1 Accounting policies

#### Company information

Crieff Hydro Limited ("the company") is a private company limited by shares and is registered and incorporated in Scotland. The registered office is Crieff Hydro Hotel, Ferntower Road, Crieff, Perthshire, United Kingdom, PH7 3LQ.

The group consists of Crieff Hydro Limited and all of its subsidiaries.

The company's and the group's principal activities and nature of its operations are disclosed in the Strategic Report.

#### Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption from disclosing the following information, as permitted by the reduced disclosure regime within FRS102.

- Section 7 'Statement of Cash Flows' - Presentation of a Statement of Cash Flow and related notes and disclosures.
- Section 11 'Basic Financial Instruments' - Carrying amounts for financial instruments measured at amortised cost less impairment.
- Section 33 'Related Party Disclosures' - Compensation for key management personnel.

#### Basis of consolidation

The consolidated financial statements incorporate those of Crieff Hydro Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 28 February 2019. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date.

# CRIEFF HYDRO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2019

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### 1 Accounting policies (Continued)

#### Going concern

At 28 February 2019 the Group had net current liabilities of £7,699,190 (2018 - £8,100,319). The Directors continue to actively manage this position with their bankers, Santander, and have long term borrowing facilities in place as set out in note 23.

The Directors have prepared forecasts, including cash flow information for the period ending 12 months from the date of their approval of these financial statements. These forecasts account for repayments on borrowing and covenant compliance. The forecasts are also subject to sensitivity analysis which demonstrate that the group can continue to operate within existing facilities.

At the time of approving the financial statements, the directors have a reasonable expectation that the group and company had adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### Turnover

Turnover, which excludes value added tax, comprises the group's income from the operation of hotels and property for rent. This arises primarily from the letting of room accommodation, providing conference and events facilities and the service of food and beverage. Revenue is recognised on the daily occupation of accommodation and once a service is rendered. Where payment is received from the customer in advance of services provided, the amount is recorded in deferred income and included as part of creditors due within one year.

#### Intangible fixed assets - goodwill

Goodwill arising on the acquisition of subsidiary undertakings and business, representing an excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is 20 years. Provision is made for any impairment. Negative goodwill represents a situation where the fair value of the identifiable assets and liabilities acquired is more than the consideration given. Negative goodwill is shown separately on the balance sheet under FRS102 and is written off on a straight line basis over its useful economic life, which is 4 years.

#### Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	20 to 50 years straight line with 50% residual value
Plant and equipment	25% reducing balance, 18 months to 10 years straight line
Fixtures and fittings	4 to 8 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Assets in the course of construction are stated at cost less provision for impairment. Assets in the course of construction are transferred to completed assets when substantially all the activities necessary to get the asset ready for use are complete. Freehold land and assets in the course of construction are not depreciated.

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

# CRIEFF HYDRO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 28 FEBRUARY 2019

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#### 1 Accounting policies (Continued)

##### **Investment properties**

Investment property is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in the profit or loss.

Where fair value cannot be achieved without undue cost or effort, investment property is accounted for as tangible fixed assets.

The Companies Act 2006 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in FRS102. The directors consider that, because investment properties are not held for their consumption but for their investment potential, to depreciate them would not give a true and fair view.

##### **Fixed asset investments**

In the separate accounts of the company, interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

##### **Impairment of fixed assets**

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

##### **Stocks**

Stocks are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price. Provision is made for obsolete, slow-moving or defective stock where appropriate.

##### **Cash and cash equivalents**

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

##### **Financial instruments**

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

# CRIEFF HYDRO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 28 FEBRUARY 2019

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#### 1 Accounting policies (Continued)

##### **Basic financial assets**

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

##### **Basic financial liabilities**

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and loan notes that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

##### **Other financial liabilities**

Derivatives, including interest rate swaps are not basic financial instruments.

Debt instruments where the contractual returns, repayment of the principal, or other terms (such as prepayment provisions or term extensions) do not meet the conditions to be measured at amortised cost, are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

# CRIEFF HYDRO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 28 FEBRUARY 2019

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#### 1 Accounting policies (Continued)

##### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the group's contractual obligations are discharged, cancelled, or they expire.

##### **Equity instruments**

Equity instruments issued by the group are recorded at the fair value of the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

##### **Derivatives**

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

##### **Taxation**

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

For non-depreciable assets measured using the revaluation model and investment properties measured at fair value (except investment property with a limited useful life held by the group to consume substantially all of its economic benefit), deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.

# **CRIEFF HYDRO LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 28 FEBRUARY 2019**

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#### **1 Accounting policies (Continued)**

##### **Provisions**

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

##### **Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

##### **Retirement benefits**

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

##### **Share-based payments**

For cash-settled share-based payments transactions, with the exception of those awards settled before 28 February 2006, the fair value of the amount payable to the employee is recognised as an expense with a corresponding increase in liabilities. The fair value is initially measured at grant date and spread over the period during which the employees become unconditionally entitled to payment. The fair value is measured based on the share price at the date of the award. The liability is re-valued at each balance sheet date and settlement date with any changes in fair value being recognised in the current year profit and loss account.

A liability is recognised for the group's obligation to repurchase the shares purchased by employees under the rules of the share based payment scheme. The liability is initially measured at fair value and a corresponding reduction in reserves is recognised. The fair value is measured based on the share price at the date of the award. The liability is revalued at each balance sheet date and settlement date with any changes in fair value being recognised in the profit and loss reserves.

##### **Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the income statement so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.



# CRIEFF HYDRO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 28 FEBRUARY 2019

#### 2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

##### *Impairment of positive goodwill*

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill arising from the acquisition of Peebles Hydro Limited in 2014 at the balance sheet was £204,086 (2018 - £217,692). No impairment has been recognised to date.

##### *Key sources of estimation uncertainty*

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

##### *Living wage provision*

Management recognise that the hospitality sector is an at risk sector and have reviewed compliance with standards and recognise a potential liability in ensuring compliance with government minimum wage standards. The provision is based on a high level review by management extrapolated across the operational staff base.

#### 3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2019 £	2018 £
<b>Turnover analysed by class of business</b>		
Accommodation and restaurants	27,310,463	25,939,530
Sports facilities	1,932,486	1,925,690
Other operating centres	1,513,769	1,478,900
Rents receivable from land, buildings and grazing	472,421	443,235
	<u>31,229,139</u>	<u>29,787,355</u>
	2019 £	2018 £
<b>Other revenue</b>		
Interest income	<u>51,813</u>	<u>2,443</u>

# CRIEFF HYDRO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2019

### 4 Employees

The average monthly number of persons (including directors) employed during the year was:

	Group 2019 Number	2018 Number	Company 2019 Number	2018 Number
Administrative staff	139	153	103	117
Hotels and ancillary staff	740	722	490	486
Directors	4	5	4	5
	<u>883</u>	<u>880</u>	<u>597</u>	<u>608</u>

Their aggregate remuneration comprised:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Wages and salaries	13,379,901	12,619,615	9,350,778	8,573,308
Social security costs	934,143	846,595	649,004	596,428
Pension costs	277,770	182,398	210,594	158,715
	<u>14,591,814</u>	<u>13,648,608</u>	<u>10,210,376</u>	<u>9,328,451</u>

### 5 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	502,799	473,453
Company pension contributions to defined contribution schemes	35,083	33,830
	<u>537,882</u>	<u>507,283</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2018 - 3).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2019 £	2018 £
Remuneration for qualifying services	251,116	194,094
Company pension contributions to defined contribution schemes	19,000	19,000
	<u>270,116</u>	<u>213,094</u>

# GRIEFF HYDRO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 28 FEBRUARY 2019

#### 6 Share-based payment transactions

The share scheme permits certain employees to be rewarded, for sustained long term profit growth and commitment to the parent company, in the form of shares in Grieff Hydro Limited on the basis of free shares for shares acquired at market value. At the end of each year, shares are provisionally allocated to the individuals who have acquired shares provided predetermined profit targets are met. The shares will automatically vest if the participant remains within the employment of the parent company for three years following the award.

If employment is terminated through retirement, the shares will remain valid for three years post the retirement date and all unvested shares will vest in this time.

	Group 2019 £	2018 £	Company 2019 £	2018 £
<b>Expenses recognised in the year</b>				
Arising from cash settled share based payment transactions	(33,347)	(4,434)	(33,347)	(4,434)

#### 7 Operating profit

	2019 £	2018 £
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	1,798,728	1,950,561
Depreciation of tangible fixed assets held under finance leases	26,777	22,686
(Profit)/loss on disposal of tangible fixed assets	(22,500)	270,878
Amortisation of intangible assets	(105,640)	(105,640)
Cost of stocks recognised as an expense	4,187,124	3,854,798
Share-based payments	(33,347)	(4,434)
Operating lease charges	181,816	251,524

#### 8 Auditor's remuneration

	2019 £	2018 £
Fees payable to the company's auditor and its associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	25,000	25,000
Audit of the financial statements of the company's subsidiaries	10,500	10,500
	35,500	35,500
<b>For other services</b>		
All other non-audit services	17,250	7,500

# CRIEFF HYDRO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2019

### 9 Interest receivable and similar income

	2019 £	2018 £
<b>Interest income</b>		
Interest on bank deposits	6,100	2,443
<b>Other income from investments</b>		
Gains on financial instruments measured at fair value through profit or loss	45,713	-
Total income	<u>51,813</u>	<u>2,443</u>

Investment income includes the following:

Fair value gain on interest rate swap	<u>45,713</u>	<u>-</u>
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### 10 Interest payable and similar expenses

	2019 £	2018 £
Interest on bank overdrafts and loans	693,262	638,001
Fair value loss on interest rate swap	-	(344,895)
Interest on finance leases and hire purchase contracts	4,033	6,409
Total finance costs	<u>697,295</u>	<u>299,515</u>

### 11 Taxation

	2019 £	2018 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	203,016	204,272
Adjustments in respect of prior periods	1,380	(22,454)
Total current tax	<u>204,396</u>	<u>181,818</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	101,453	69,522
Adjustment in respect of prior periods	(17,616)	(153,131)
Total deferred tax	<u>83,837</u>	<u>(83,609)</u>
Total tax charge for the year	<u>288,233</u>	<u>98,209</u>

# CRIEFF HYDRO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 28 FEBRUARY 2019

#### 11 Taxation (Continued)

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2019 £	2018 £
Profit before taxation	1,198,783	980,781
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.11%)	227,769	187,419
Tax effect of expenses that are not deductible in determining taxable profit	37,466	31,167
Tax effect of income not taxable in determining taxable profit	(8,685)	(84,781)
Adjustments in respect of prior years	1,380	66,772
Permanent capital allowances in excess of depreciation	76,313	98,916
Under/(over) provided in prior years	-	(22,454)
Deferred tax adjustments in respect of prior years	(17,616)	(154,063)
Transfer pricing adjustments	(2,531)	-
Chargeable gains/(losses)	(25,199)	(15,594)
Adjust deferred tax to average rate	(9,349)	(8,598)
Adjustment to brought forward values	8,685	(575)
Taxation charge for the year	288,233	98,209

#### 12 Dividends

	2019 £	2018 £
Final paid	387,169	295,046

# CRIEFF HYDRO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2019

### 13 Intangible fixed assets

Group	Goodwill £	Negative goodwill £	Total £
<b>Cost</b>			
At 1 March 2018 and 28 February 2019	272,116	(476,983)	(204,867)
<b>Amortisation and impairment</b>			
At 1 March 2018	54,424	(188,806)	(134,382)
Amortisation charged for the year	13,606	(119,246)	(105,640)
At 28 February 2019	68,030	(308,052)	(240,022)
<b>Carrying amount</b>			
At 28 February 2019	204,086	(168,931)	35,155
At 28 February 2018	217,692	(288,177)	(70,485)

The company had no intangible fixed assets at 28 February 2019 or 28 February 2018.

### 14 Tangible fixed assets

Group	Freehold land and buildings £	Assets under construction £	Plant and equipment £	Fixtures and fittings £	Total £
<b>Cost</b>					
At 1 March 2018	29,667,032	315,346	10,513,612	6,887,803	47,383,793
Additions	-	2,855,004	-	-	2,855,004
Disposals	-	-	(55,480)	-	(55,480)
Transfers	249,175	(3,048,944)	577,406	2,222,363	-
At 28 February 2019	29,916,207	121,406	11,035,538	9,110,166	50,183,317
<b>Depreciation and impairment</b>					
At 1 March 2018	3,488,556	-	8,461,002	3,122,037	15,071,595
Depreciation charged in the year	322,383	-	594,644	908,478	1,825,505
Eliminated in respect of disposals	-	-	(55,480)	-	(55,480)
At 28 February 2019	3,810,939	-	9,000,166	4,030,515	16,841,620
<b>Carrying amount</b>					
At 28 February 2019	26,105,268	121,406	2,035,372	5,079,651	33,341,697
At 28 February 2018	26,178,476	315,346	2,052,610	3,765,766	32,312,198

# CRIEFF HYDRO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 28 FEBRUARY 2019

#### 14 Tangible fixed assets (Continued)

Company	Freehold land and buildings £	Assets under construction £	Plant and equipment £	Fixtures and fittings £	Total £
<b>Cost</b>					
At 1 March 2018	21,799,216	77,413	9,432,901	3,567,165	34,876,695
Additions	-	1,255,286	-	-	1,255,286
Disposals	-	-	(55,480)	-	(55,480)
Transfers	181,923	(1,324,534)	378,849	763,762	-
At 28 February 2019	21,981,139	8,165	9,756,270	4,330,927	36,076,501
<b>Depreciation and impairment</b>					
At 1 March 2018	3,236,143	-	8,076,575	2,314,172	13,626,890
Depreciation charged in the year	236,820	-	403,894	382,118	1,022,832
Eliminated in respect of disposals	-	-	(55,480)	-	(55,480)
At 28 February 2019	3,472,963	-	8,424,989	2,696,290	14,594,242
<b>Carrying amount</b>					
At 28 February 2019	18,508,176	8,165	1,331,281	1,634,637	21,482,259
At 28 February 2018	18,563,073	77,413	1,356,326	1,252,993	21,249,805

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Plant and equipment	184,543	66,086	164,644	41,212
Depreciation charge for the year in respect of leased assets	26,777	22,686	21,802	17,711

Freehold land and buildings with a carrying amount of £18,508,176 (2018 - £18,563,073) have been pledged to secure borrowings of the company (see note 23).

# CRIEFF HYDRO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2019

### 15 Investment property

	Group 2019 £	Company 2019 £
<b>Fair value</b>		
At 1 March 2018	4,184,500	4,184,500
Transfers from inventories	4,000	4,000
Net gains or (losses) through fair value adjustments	(193,500)	(193,500)
At 28 February 2019	<u>3,995,000</u>	<u>3,995,000</u>

The fair value of the investment property has been arrived at on the basis of a valuation carried out at 28 February 2019 by Mr R S Crighton, MRICS, Estate Manager for Crieff Hydro Limited. The valuation was made on an open market value and was carried out in accordance with the Practice Statements in the RICS Appraisal and Valuation Manual.

If investment properties were stated on an historical cost basis rather than a fair value basis, the amounts would have been included as follows:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Cost	776,708	772,708	776,708	772,708
Accumulated depreciation	-	-	-	-
Carrying amount	<u>776,708</u>	<u>772,708</u>	<u>776,708</u>	<u>772,708</u>

### 16 Fixed asset investments

		Group 2019 £	2018 £	Company 2019 £	2018 £
	Notes				
Investments in subsidiaries	17	-	-	4,509,706	4,509,706

#### Movements in fixed asset investments Company

	Shares in group undertakings £
<b>Cost or valuation</b>	
At 1 March 2018 and 28 February 2019	<u>4,509,706</u>
<b>Carrying amount</b>	
At 28 February 2019	<u>4,509,706</u>
At 28 February 2018	<u>4,509,706</u>



# CRIEFF HYDRO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2019

### 17 Subsidiaries

Details of the company's subsidiaries at 28 February 2019 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Freedom Hotels (Management) Limited	1	Hotel management	Ordinary	100.00	
Freedom Hotels West Limited	1	Hotel and leisure resort	Ordinary	100.00	
Oban Caledonian Hotel Limited	2	Non trading	Ordinary	100.00	
Peebles Hydro Limited	1	Hotel and leisure resort	Ordinary	100.00	

#### Registered office addresses:

1. Ferntower Road, Crieff, Perthshire, United Kingdom, PH7 3LQ.

2. 157-173 Roden Street, Belfast, Co.Antrim, BT12 5QA.

The directors have elected to take advantage of the exemption from audit under s.479A of the Companies Act in respect of Freedom Hotels (Management) Limited (registered company number SC466462) and Oban Caledonian Hotel Limited (registered company number NI636285).

### 18 Stocks

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Raw materials and consumables	203,868	188,167	135,312	137,280
Finished goods and goods for resale	94,046	84,816	71,329	58,080
	<u>297,914</u>	<u>272,983</u>	<u>206,641</u>	<u>195,360</u>

# CRIEFF HYDRO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2019

### 19 Debtors

	Group 2019 £	2018 £	Company 2019 £	2018 £
<b>Amounts falling due within one year:</b>				
Trade debtors	339,819	395,221	205,898	306,408
Amounts owed by group undertakings	-	-	4,686,007	4,143,290
Other debtors	723,767	571,574	550,521	455,654
Prepayments and accrued income	305,987	278,454	215,965	221,327
	<u>1,369,573</u>	<u>1,245,249</u>	<u>5,658,391</u>	<u>5,126,679</u>
<b>Amounts falling due after more than one year:</b>				
Amounts owed by group undertakings	-	-	-	230,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>230,000</u>
<b>Total debtors</b>	<u>1,369,573</u>	<u>1,245,249</u>	<u>5,658,391</u>	<u>5,356,679</u>

### 20 Creditors: amounts falling due within one year

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Bank loans and overdrafts	23	1,735,132	3,624,421	1,661,448	3,420,639
Obligations under finance leases	22	47,701	37,414	41,731	31,444
Other borrowings	23	1,145,078	-	-	-
Trade creditors		1,536,287	1,428,864	741,519	865,714
Amounts due to group undertakings		-	-	19,379	22,003
Corporation tax payable		203,016	204,272	140,750	97,190
Other taxation and social security		674,339	590,163	413,184	304,889
Liability for share based payments	6	909,046	942,393	909,046	942,393
Other creditors		162,238	321,347	135,189	310,680
Accruals and deferred income		5,081,982	4,267,618	3,774,309	3,084,767
		<u>11,494,819</u>	<u>11,416,492</u>	<u>7,836,555</u>	<u>9,079,719</u>

Obligations under finance leases are secured over the related assets. The net book value of secured assets is disclosed in note 14. Bank loans and overdrafts are secured by fixed and floating charges as disclosed in note 23.

# CRIEFF HYDRO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2019

### 21 Creditors: amounts falling due after more than one year

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Bank loans and overdrafts	23	13,681,294	11,763,275	12,483,925	10,492,222
Obligations under finance leases	22	58,012	25,469	44,580	6,067
Other borrowings	23	-	1,099,505	-	-
Derivative financial instruments		534,981	580,694	534,981	580,694
		<u>14,274,287</u>	<u>13,468,943</u>	<u>13,063,486</u>	<u>11,078,983</u>

Obligations under finance leases are secured over the related assets. The net book value of secured assets is disclosed in note 14. Bank loans and overdrafts are secured by fixed and floating charges as disclosed in note 23.

Amounts included above which fall due after five years are as follows:

Payable other than by instalments	-	7,442,500	-	7,442,500
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### 22 Finance lease obligations

	Group 2019 £	2018 £	Company 2019 £	2018 £
Future minimum lease payments due under finance leases:				
Less than one year	47,701	37,414	41,731	31,444
Between one and five years	58,012	25,469	44,580	6,067
	<u>105,713</u>	<u>62,883</u>	<u>86,311</u>	<u>37,511</u>

# CRIEFF HYDRO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2019

### 23 Borrowings

	Group 2019 £	2018 £	Company 2019 £	2018 £
Bank loans	14,666,426	14,757,598	13,395,373	13,412,861
Bank overdrafts	750,000	630,098	750,000	500,000
Other loans	1,145,078	1,099,505	-	-
	<u>16,561,504</u>	<u>16,487,201</u>	<u>14,145,373</u>	<u>13,912,861</u>
Payable within one year	2,880,210	3,624,421	1,661,448	3,420,639
Payable after one year	<u>13,681,294</u>	<u>12,862,780</u>	<u>12,483,925</u>	<u>10,492,222</u>

The bank loans and overdrafts are secured by a fixed charge over Crieff Hydro Hotel and a floating charge over the assets of the company.

At the balance sheet date, the parent company had a £13,000,000 loan with Santander which was entered into in 2014. After an initial payment holiday, the loan is repayable quarterly at £162,500 for the first four years and then quarterly at £195,000 for the next five years with a final bullet payment of £6,695,000 payable on the termination date, being February 2024. The loan bears interest of LIBOR plus margin of 1.85% per annum.

During the year the parent company repaid the revolving credit facility from Santander. This facility was converted to a £3,000,000 fixed term loan from Santander. The loan is repayable at £37,500 per quarter over five years with a final bullet payment payable on the termination date, being June 2023. The loan bears interest of LIBOR plus margin of 2.00% per annum. A separate interest rate swap has been taken out to fully hedge the £3m facility against interest rate movements (see note 24).

The company has an overdraft facility which is payable on demand. The overdraft is an annual facility, with interest of LIBOR plus 1.5% per annum.

Also included within bank loans above is a £1,400,000 loan with Santander held by Freedom Hotels West Limited. Following an initial payment holiday, the loan is repayable quarterly at £74,000 per quarter, with a final bullet payment on the termination date, being July 2021. The loan bears interest at a fixed rate of 2% per annum.

Freedom Hotels West Limited also issued £1,200,000 of loan notes to private investors with a three year term and the option to extend by one year. Currently these are due for repayment in August 2019. Of the £1,200,000 issued, loan notes amounting to £230,000 were issued to Crieff Hydro Limited. The loan notes bear compound interest of 6%.

# CRIEFF HYDRO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 28 FEBRUARY 2019

#### 24 Financial instruments

	Group 2019 £	2018 £	Company 2019 £	2018 £
<b>Carrying amount of financial assets</b>				
Debt instruments measured at amortised cost	477,552	491,679	n/a	n/a
<b>Carrying amount of financial liabilities</b>				
Measured at fair value through profit or loss				
- Other financial liabilities	534,981	580,694	534,981	580,694
Measured at amortised cost	20,346,101	23,447,423	n/a	n/a

As permitted by the reduced disclosure framework within FRS 102, the company has taken advantage of the exemption from disclosing the carrying amount of certain classes of financial instruments, denoted by 'n/a' above.

#### Interest rate swap contract

The parent company has an interest rate swap contract which is included at fair value in the accounts. The principal is £11,000,000 (2018 - £8,000,000). The fair value of the liability is £534,981 (2018 - £580,694).

The company uses the derivatives to manage its exposure to interest rate movements on its bank borrowings. The fair values are based on market values of equivalent instruments at the balance sheet date.

The group does not apply hedge accounting. Gains of £45,713 (2018 - £344,895) were recognised within the profit and loss account as disclosed in note 9.

#### 25 Provisions for liabilities

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Complimentary vouchers		7,620	9,287	5,991	7,273
Living wage		138,337	150,000	78,337	90,000
		145,957	159,287	84,328	97,273
Deferred tax liabilities	26	989,494	905,657	796,887	734,350
		1,135,451	1,064,944	881,215	831,623

# CRIEFF HYDRO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2019

### 25 Provisions for liabilities (Continued)

Movements on provisions apart from deferred tax liabilities:

	Complimentary vouchers	Living wage	Total
Group	£	£	£
At 1 March 2018	9,287	150,000	159,287
Additional provisions in the year	29,272	-	29,272
Utilisation of provision	(30,939)	(11,663)	(42,602)
At 28 February 2019	<u>7,620</u>	<u>138,337</u>	<u>145,957</u>

	Complimentary vouchers	Living wage	Total
Company	£	£	£
At 1 March 2018	7,273	90,000	97,273
Additional provisions in the year	23,777	-	23,777
Utilisation of provision	(25,059)	(11,663)	(36,722)
At 28 February 2019	<u>5,991</u>	<u>78,337</u>	<u>84,328</u>

#### Complimentary Vouchers

Complimentary vouchers relate to vouchers given to guests either as compensation or as a gesture of goodwill. The provision is based on the number of vouchers in circulation adjusted for an estimate of the number of vouchers which will be redeemed. The movement from the prior year represents the amount of vouchers which have been utilised offset by the number of new vouchers issued.

#### Living Wage Provision

This is a hospitality sector wide issue and Management are taking steps to ensure the group is compliant with government living wage standards.

### 26 Deferred taxation

The major deferred tax liabilities and assets recognised by the group and company are:

	Liabilities 2019	Liabilities 2018
Group	£	£
Accelerated capital allowances	972,226	857,920
Tax losses	(90,940)	(98,711)
Short term timing differences	(168,595)	(152,900)
Capital gains/(losses)	276,803	299,348
	<u>989,494</u>	<u>905,657</u>

# CRIEFF HYDRO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2019

### 26 Deferred taxation (Continued)

<b>Company</b>	<b>Liabilities 2019 £</b>	<b>Liabilities 2018 £</b>
Accelerated capital allowances	767,841	686,108
Tax losses	(90,940)	(98,711)
Short term timing differences	(156,817)	(152,395)
Capital gains/(losses)	276,803	299,348
	<u>796,887</u>	<u>734,350</u>
	<b>Group 2019 £</b>	<b>Company 2019 £</b>
<b>Movements in the year:</b>		
Liability at 1 March 2018	905,657	734,350
Charge to profit or loss	83,837	62,537
	<u>989,494</u>	<u>796,887</u>

### 27 Retirement benefit schemes

	<b>2019 £</b>	<b>2018 £</b>
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>259,170</u>	<u>182,398</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

There were outstanding contributions at the beginning and end of the financial year. Contributions amounting to £56,270 (2018 - £28,164) were payable to the scheme and are included in creditors.

### 28 Share capital

	<b>Group and company 2019 £</b>	<b>2018 £</b>
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
6,682,155 Ordinary of £1 each	<u>6,682,155</u>	<u>6,682,155</u>

# CRIEFF HYDRO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2019

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### 29 Reserves

#### Share premium

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

#### Revaluation reserve

The revaluation reserve represents the cumulative effect of revaluations of investment properties which are revalued to fair value each reporting date. Given the revaluation effects are not distributable, they are transferred from the profit and loss reserve to the revaluation reserve.

#### Own shares

The own shares reserve arising in connection with the Employee Benefit Trust (EBT). This is sponsored by the parent company in which it holds the shares required to settle awards granted under share-based payment plans, details of which can be seen in note 6. The EBT acquires the shares required to settle awards from the market. If insufficient shares are available at the time the shares vest new shares are issued. The movements relating to own shares held and the share based payment reserve (held within profit and loss reserves) are detailed below and can be seen within the statement of changes in equity:

- i. 31,850 shares vested under the scheme, resulting in a reduction in own shares held and a reduction in the liability.
- ii. 52,966 shares were bought back from employees in the year for £1.50 per share.
- iii. 29,766 shares were purchased by employees in the scheme for £1.50 per share.
- iv. 88,842 shares issued in the normal course of business for £1.50 per share.
- v. increase liability for 31,850 shares vested in the year, with corresponding charge to SBP reserve.
- vi. 207,555 shares bought back from existing shareholders for £1.50 per share.
- vii No new share capital was issued during the year.

At year end, the EBT has 340,492 shares (2018 - 230,429).

#### Profit and loss reserves

The profit and loss reserve represents cumulative profits or losses, including unrealised profit on the remeasurement of investment properties, net of dividends paid and other adjustments.



# CRIEFF HYDRO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2019

### 30 Cash generated from group operations

	2019 £	2018 £
Profit for the year after tax	910,550	882,572
Adjustments for:		
Taxation charged	288,233	98,209
Finance costs	697,295	299,515
Investment income	(51,813)	(2,443)
(Gain)/loss on disposal of tangible fixed assets	(22,500)	270,878
Fair value gains and losses on foreign exchange contracts and investment properties	193,500	68,439
Amortisation and impairment of intangible assets	(105,640)	(105,640)
Depreciation and impairment of tangible fixed assets	1,825,505	1,973,247
(Decrease)/increase in provisions	(13,330)	196,992
Movements in working capital:		
(Increase) in stocks	(28,931)	(22,740)
(Increase) in debtors	(124,324)	(227,706)
Increase in creditors	850,482	1,397,544
<b>Cash generated from operations</b>	<b>4,419,027</b>	<b>4,828,867</b>

### 31 Operating lease commitments

#### Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Within one year	39,957	87,924	31,867	79,043
Between one and five years	34,340	52,854	29,620	40,044
	<u>74,297</u>	<u>140,778</u>	<u>61,487</u>	<u>119,087</u>

# **CRIEFF HYDRO LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 28 FEBRUARY 2019**

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#### **32 Related party transactions**

During the year Strathearn Engineering Ltd – a Landrover specialist – invoiced the group £48,990 (2018 - £24,613) for repair works and servicing carried out to vehicles used at Action Glen, Riding Centre and across the estate. At the year end a balance of £375 (2018 - £nil) was owed to the company. A director of this company is also a director of Crieff Hydro Limited.

During the year £25,200 (2018 - £25,200) was paid to a director of Crieff Hydro Limited for rental of properties. This relates to several properties in Crieff which are used for staff accommodation.

During the year Leckie Property Services Limited invoiced the group £nil (2018 - £3,631) for essential repair, maintenance and cleaning of buildings owned by the company. At the year end a balance of £nil (2018 - £960) was owed to the company. A director of this company is a close family member of a director of Crieff Hydro Limited.

During the year Lochearn Watersports Centre Ltd invoiced the group £3,160 (2018 - £3,015) for the provision of events at Crieff Hydro. A director of this company is a close family member of a director of Crieff Hydro Limited.

All of the above transactions were arm's length transactions consistent with market rates. The directors continually review the company suppliers to ensure that best value and quality of service is achieved.