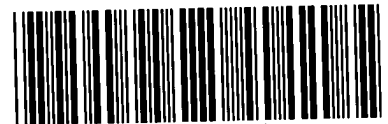


REGISTERED NUMBER: SC075521 (Scotland)

**Group Strategic Report,
Report of the Directors and
Consolidated Financial Statements
for the Year Ended 30 April 2017
for
Chardon Trading Limited**

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Chardon Trading Limited (Registered number: SC075521)

**Contents of the Consolidated Financial Statements
for the Year Ended 30 April 2017**

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Chardon Trading Limited
Company Information
for the Year Ended 30 April 2017

DIRECTORS:

Maurice Vincent Taylor
Mrs Frances Una Taylor
Ms Nicola Joan Taylor

SECRETARY:

Adam Inglis Armstrong

REGISTERED OFFICE:

29 Winton Lane
Glasgow
G12 0QD

REGISTERED NUMBER:

SC075521 (Scotland)

AUDITORS:

Stevenson & Kyles
Statutory Auditor
Chartered Accountants
25 Sandyford Place
Glasgow
G3 7NG

Chardon Trading Limited (Registered number: SC075521)

**Group Strategic Report
for the Year Ended 30 April 2017**

The directors present their strategic report of the company and the group for the year ended 30 April 2017.

REVIEW OF BUSINESS

The financial results for the year ended 30 April 2017 are contained in the consolidated statement of comprehensive income on page six of the report and accounts.

The report and accounts reflect the business of the group, which operates in the hotel and leisure sector.

Details for the year include :-

- * An increase in total revenue of 3.3% year on year.
- * Rev par at £65.05 is an increase of 4.4% on the previous year.

Results

Total revenues of £16.178 million (2016 - £15.660 million) increased by 3.3% from the previous year. Operating profit, before interest, depreciation and taxation was £4.246 million (2016 - £3.608 million).

Notwithstanding the relatively difficult trading climate, we continue to deliver financial performance indicators in respect of added value, return on capital employed and the generation of cash flows which we believe are, in relative terms, higher than those enjoyed by much larger hotel groups.

Hotels operation

We continue to invest in the hotels to maintain them to a high standard in a competitive market. We are also becoming more aware of the importance of conserving resources and are making a conscious effort to aid this objective. This reflects the group strategy of developing its core assets to improve quality and standards throughout the group.

The hotel and leisure sector remains challenging and very competitive. Notwithstanding the impact of outside agencies, for example disproportionate increases in energy costs and the level of commissions paid to third parties, we remain confident of the profitability of these hotels.

PRINCIPAL RISKS AND UNCERTAINTIES

The financial results of the companies within the group could be materially adversely affected by a number of different risks and uncertainties. The main risks and uncertainties are as detailed below, together with the steps which the companies are taking to mitigate these risks.

Competition and consumer trends

The hotel sector of the UK economy is highly competitive, and the group's future financial performance would be at risk if it failed to anticipate consumer trends and lost market share to its competitors. The group obtains feedback from its customers, and uses that feedback to ensure that it continues to offer the type and quality of services that its customers expect. It believes that by listening to its customers it is significantly reducing the risks associated with changing consumer trends.

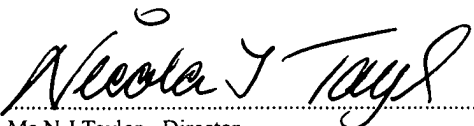
Health and safety

A major incident resulting from a health and safety failure would be a significant reputational risk to the group. To mitigate the risk the group utilises the services of external health and safety consultants to assist in maintaining health and safety matters to the highest possible standards.

Financial risks

Financial risks remain associated with uncertain consumer spending levels, increasing supplier inflationary prices, wage inflation and unstable utility costs. The hotels operate in a variety of markets including corporate, leisure and functions which mitigates the impact of any drop in consumer spending levels. The Group continues to focus on cost control to maximise efficiencies within the business.

ON BEHALF OF THE BOARD:



Ms N J Taylor - Director

Date:

19/12/2017

Chardon Trading Limited (Registered number: SC075521)

**Report of the Directors
for the Year Ended 30 April 2017**

The directors present their report with the financial statements of the company and the group for the year ended 30 April 2017.

DIVIDENDS

No dividends will be distributed for the year ended 30 April 2017.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 May 2016 to the date of this report.

Maurice Vincent Taylor
Mrs Frances Una Taylor
Ms Nicola Joan Taylor

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

The auditors, Stevenson & Kyles, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:


Ms N J Taylor - Director

Date: 19/12/2017

Report of the Independent Auditors to the Members of Chardon Trading Limited

We have audited the financial statements of Chardon Trading Limited for the year ended 30 April 2017 on pages six to twenty four. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Group Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 April 2017 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

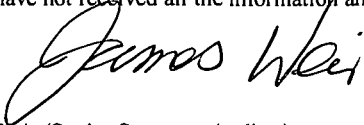
In our opinion, based on the work undertaken in the course of our audit, the information given in the Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements, and has been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the group and the parent company and its environment, we have not identified any material misstatements in the Group Strategic Report or the Report of the Directors.

**Report of the Independent Auditors to the Members of
Chardon Trading Limited**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



James Weir (Senior Statutory Auditor)
for and on behalf of Stevenson & Kyles
Statutory Auditor
Chartered Accountants
25 Sandyford Place
Glasgow
G3 7NG

Date:19/12/2015.....

Chardon Trading Limited (Registered number: SC075521)

Consolidated Statement of Comprehensive Income
for the Year Ended 30 April 2017

	Notes	30.4.17 £	30.4.16 £
TURNOVER		16,177,671	15,660,397
Cost of sales		<u>994,667</u>	<u>1,002,559</u>
GROSS PROFIT		15,183,004	14,657,838
Administrative expenses		<u>11,662,141</u>	<u>11,720,383</u>
		3,520,863	2,937,455
Other operating income		<u>101,500</u>	<u>101,500</u>
OPERATING PROFIT	5	3,622,363	3,038,955
Interest receivable and similar income		<u>1,113</u>	<u>785</u>
		3,623,476	3,039,740
Interest payable and similar expenses	6	<u>449,610</u>	<u>544,960</u>
PROFIT BEFORE TAXATION		3,173,866	2,494,780
Tax on profit	7	<u>673,910</u>	<u>544,092</u>
PROFIT FOR THE FINANCIAL YEAR		2,499,956	1,950,688
OTHER COMPREHENSIVE INCOME			
Revaluation of fixed assets		-	3,400,611
Income tax relating to components of other comprehensive income		<u>656,815</u>	<u>(417,519)</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		<u>656,815</u>	<u>2,983,092</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>3,156,771</u></u>	<u><u>4,933,780</u></u>
Profit attributable to:			
Owners of the parent		2,499,956	1,886,420
Non-controlling interests		<u>-</u>	<u>64,268</u>
		<u><u>2,499,956</u></u>	<u><u>1,950,688</u></u>
Total comprehensive income attributable to:			
Owners of the parent		3,156,771	4,869,512
Non-controlling interests		<u>-</u>	<u>64,268</u>
		<u><u>3,156,771</u></u>	<u><u>4,933,780</u></u>

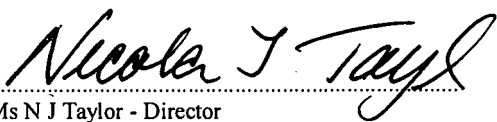
The notes form part of these financial statements

Chardon Trading Limited (Registered number: SC075521)

Consolidated Balance Sheet
30 April 2017

	Notes	30.4.17 £	30.4.16 £
FIXED ASSETS			
Intangible assets	10	(215,918)	(431,823)
Tangible assets	11	50,917,388	51,311,457
Investments	12	-	-
		<u>50,701,470</u>	<u>50,879,634</u>
CURRENT ASSETS			
Stocks	13	41,086	39,293
Debtors	14	557,134	485,841
Cash at bank and in hand		<u>3,666,931</u>	<u>2,887,072</u>
		4,265,151	3,412,206
CREDITORS			
Amounts falling due within one year	15	<u>7,645,112</u>	<u>6,467,068</u>
NET CURRENT LIABILITIES		<u>(3,379,961)</u>	<u>(3,054,862)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		47,321,509	47,824,772
CREDITORS			
Amounts falling due after more than one year	16	(19,778,079)	(22,745,186)
PROVISIONS FOR LIABILITIES	20	(2,520,425)	(3,200,852)
ACCRUALS AND DEFERRED INCOME	21	<u>(208,333)</u>	<u>(220,833)</u>
NET ASSETS		<u>24,814,672</u>	<u>21,657,901</u>
CAPITAL AND RESERVES			
Called up share capital	22	866,000	866,000
Share premium	23	5,075,840	5,075,840
Revaluation reserve	23	11,331,168	10,926,542
Retained earnings	23	<u>7,541,664</u>	<u>4,789,519</u>
SHAREHOLDERS' FUNDS		<u>24,814,672</u>	<u>21,657,901</u>

The financial statements were approved by the Board of Directors on 19/12/2017 and were signed on its behalf by:


Ms N J Taylor - Director

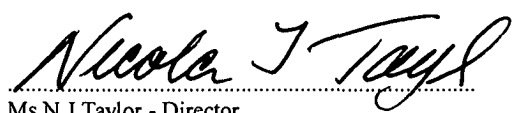
The notes form part of these financial statements

Chardon Trading Limited (Registered number: SC075521)

Company Balance Sheet
30 April 2017

	Notes	30.4.17 £	30.4.16 £
FIXED ASSETS			
Intangible assets	10	-	-
Tangible assets	11	12,071	18,251
Investments	12	<u>18,600,931</u>	<u>18,600,931</u>
		18,613,002	18,619,182
CURRENT ASSETS			
Debtors	14	8,354,428	8,551,790
Cash at bank and in hand		<u>748,433</u>	<u>726,972</u>
		9,102,861	9,278,762
CREDITORS			
Amounts falling due within one year	15	<u>3,768,366</u>	<u>3,592,968</u>
NET CURRENT ASSETS		<u>5,334,495</u>	<u>5,685,794</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		23,947,497	24,304,976
CREDITORS			
Amounts falling due after more than one year	16	(14,906,079)	(17,641,186)
PROVISIONS FOR LIABILITIES	20	<u>(1,851)</u>	<u>(1,552)</u>
NET ASSETS		<u>9,039,567</u>	<u>6,662,238</u>
CAPITAL AND RESERVES			
Called up share capital	22	866,000	866,000
Share premium	23	5,075,840	5,075,840
Retained earnings	23	<u>3,097,727</u>	<u>720,398</u>
SHAREHOLDERS' FUNDS		<u>9,039,567</u>	<u>6,662,238</u>
Company's profit for the financial year		<u>2,377,329</u>	<u>2,027,284</u>

The financial statements were approved by the Board of Directors on 19/12/2017 and were signed on its behalf by:



Ms N J Taylor - Director

The notes form part of these financial statements

Chardon Trading Limited (Registered number: SC075521)

Consolidated Statement of Changes in Equity
for the Year Ended 30 April 2017

	Called up share capital £	Retained earnings £	Share premium £
Balance at 1 May 2015	866,000	5,122,424	5,075,840
Changes in equity			
Dividends	-	(2,000,027)	-
Total comprehensive income	-	1,905,782	-
Transfer	-	212,897	-
Acquisition of non controlling interest	-	(451,557)	-
Balance at 30 April 2016	<u>866,000</u>	<u>4,789,519</u>	<u>5,075,840</u>
Changes in equity			
Total comprehensive income	-	2,499,956	-
Transfer	-	252,189	-
Balance at 30 April 2017	<u>866,000</u>	<u>7,541,664</u>	<u>5,075,840</u>

	Revaluation reserve £	Total £	Non-controlling interests £	Total equity £
Balance at 1 May 2015	8,175,709	19,239,973	641,935	19,881,908
Changes in equity				
Dividends	-	(2,000,027)	-	(2,000,027)
Total comprehensive income	2,963,730	4,869,512	64,268	4,933,780
Transfer	(212,897)	-	-	-
Acquisition of non controlling interest	-	(451,557)	(706,203)	(1,157,760)
Balance at 30 April 2016	<u>10,926,542</u>	<u>21,657,901</u>	<u>-</u>	<u>21,657,901</u>
Changes in equity				
Total comprehensive income	656,815	3,156,771	-	3,156,771
Transfer	(252,189)	-	-	-
Balance at 30 April 2017	<u>11,331,168</u>	<u>24,814,672</u>	<u>-</u>	<u>24,814,672</u>

The notes form part of these financial statements

Chardon Trading Limited (Registered number: SC075521)

**Company Statement of Changes in Equity
for the Year Ended 30 April 2017**

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 May 2015	866,000	693,141	5,075,840	6,634,981
Changes in equity				
Dividends	-	(2,000,027)	-	(2,000,027)
Total comprehensive income	-	2,027,284	-	2,027,284
Balance at 30 April 2016	<u>866,000</u>	<u>720,398</u>	<u>5,075,840</u>	<u>6,662,238</u>
Changes in equity				
Total comprehensive income	-	2,377,329	-	2,377,329
Balance at 30 April 2017	<u>866,000</u>	<u>3,097,727</u>	<u>5,075,840</u>	<u>9,039,567</u>

The notes form part of these financial statements

Chardon Trading Limited (Registered number: SC075521)

**Consolidated Cash Flow Statement
for the Year Ended 30 April 2017**

	Notes	30.4.17 £	30.4.16 £
Cash flows from operating activities			
Cash generated from operations	1	4,387,461	3,732,835
Interest paid		(452,149)	(545,092)
Tax paid		<u>(474,626)</u>	<u>(429,539)</u>
Net cash from operating activities		<u>3,460,686</u>	<u>2,758,204</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(444,699)	(363,082)
Sale of tangible fixed assets		-	13,000
Purchase of minority interest		-	(1,157,760)
Interest received		<u>1,113</u>	<u>785</u>
Net cash from investing activities		<u>(443,586)</u>	<u>(1,507,057)</u>
Cash flows from financing activities			
Loan repayments in year		(999,000)	(920,500)
Amount introduced by directors		-	1,582,296
Amount withdrawn by directors		(1,968,107)	-
Equity dividends paid		<u>-</u>	<u>(2,000,027)</u>
Net cash from financing activities		<u>(2,967,107)</u>	<u>(1,338,231)</u>
Increase/(decrease) in cash and cash equivalents		<u>49,993</u>	<u>(87,084)</u>
Cash and cash equivalents at beginning of year	2	<u>750,216</u>	<u>837,300</u>
Cash and cash equivalents at end of year	2	<u><u>800,209</u></u>	<u><u>750,216</u></u>

The notes form part of these financial statements

Chardon Trading Limited (Registered number: SC075521)

**Notes to the Consolidated Cash Flow Statement
for the Year Ended 30 April 2017**

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	30.4.17	30.4.16
	£	£
Profit before taxation	3,173,866	2,494,780
Depreciation charges	622,863	561,705
Loss on disposal of fixed assets	-	7,055
Accrued income	(12,500)	(12,500)
Finance costs	449,610	544,960
Finance income	<u>(1,113)</u>	<u>(785)</u>
	4,232,726	3,595,215
(Increase)/decrease in stocks	(1,793)	5,730
(Increase)/decrease in trade and other debtors	(87,819)	100,187
Increase in trade and other creditors	<u>244,347</u>	<u>31,703</u>
Cash generated from operations	<u>4,387,461</u>	<u>3,732,835</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 30 April 2017

	30.4.17	1.5.16
	£	£
Cash and cash equivalents	3,666,931	2,887,072
Bank overdrafts	<u>(2,866,722)</u>	<u>(2,136,856)</u>
	<u>800,209</u>	<u>750,216</u>

Year ended 30 April 2016

	30.4.16	1.5.15
	£	£
Cash and cash equivalents	2,887,072	2,519,356
Bank overdrafts	<u>(2,136,856)</u>	<u>(1,682,056)</u>
	<u>750,216</u>	<u>837,300</u>

The notes form part of these financial statements

Chardon Trading Limited (Registered number: SC075521)

**Notes to the Consolidated Financial Statements
for the Year Ended 30 April 2017**

1. STATUTORY INFORMATION

Chardon Trading Limited is a private company, limited by shares, registered in Scotland. The company's registered number and registered office address can be found on the General Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

Basis of consolidation

The group accounts consolidate the accounts of Chardon Trading Ltd and all its subsidiaries drawn up to 30 April each year.

Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include;

Property, plant and equipment

Depreciation is provided so as to write down the assets to their residual values over their estimated useful lives as set out in the accounting policies. The selection of these residual values and estimated useful lives requires the exercise of judgement. The company is required to assess whether there is indication of impairment to the carrying value of assets. In making that assessment judgements are made in estimating value in use. The directors consider that the individual carrying values of assets are supportable by value in use.

Taxation

The corporation tax provision reflects the directors' estimation of the amount of tax payable for fiscal years with open tax computations where liabilities remain to be agreed with H M Revenue and Customs.

Turnover

Turnover, which is stated net of value added tax, represents amounts due in respect of goods supplied and services rendered.

It is attributable to the one continuing activity, that of owning and operating hotels.

Goodwill

Goodwill is being amortised over a period of fifteen years. On the purchase of some of the subsidiaries the assets exceeded the acquisition costs, thereby creating negative goodwill.

Intangible assets

Costs relating to the setting up of franchise agreements have been capitalised as intellectual property and are being amortised over the twenty year term of the franchise agreement.

In 2014 'key money' of £250,000 was received relating to the franchise agreement for one of the hotels. This has been treated as deferred income in the financial statements and is also being released to the profit and loss account over the term of the franchise agreement.

Tangible fixed assets

Depreciation has been provided on all tangible fixed assets, other than investment properties, at rates calculated to write off the cost or valuation, less estimated residual value, each asset over its expected useful life. During the year the depreciation rates were reviewed to standardise the rates used by all companies within the group. The following rates have been used:

Freehold property	- over estimated useful life of 125 years
Leasehold property	- over the lease term
Fixtures and fittings	- 20% on reducing balance
Motor vehicles	- 25% on reducing balance

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Chardon Trading Limited (Registered number: SC075521)

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 April 2017**

2. ACCOUNTING POLICIES - continued

Financial instruments

Basic financial instruments are recognised at amortised cost.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

3. EMPLOYEES AND DIRECTORS

	30.4.17	30.4.16
	£	£
Wages and salaries	3,815,001	3,739,921
Social security costs	235,235	263,429
Other pension costs	137,574	99,728
	<u>4,187,810</u>	<u>4,103,078</u>

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

	30.4.17	30.4.16
General staff	207	215
Administrative staff	<u>14</u>	<u>14</u>
	<u>221</u>	<u>229</u>

The average number of employees by undertakings that were proportionately consolidated during the year was nil (2016 - 28).

Chardon Trading Limited (Registered number: SC075521)

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 April 2017**

4. DIRECTORS' EMOLUMENTS

	30.4.17	30.4.16
	£	£
Directors' remuneration	205,083	193,612
Directors' pension contributions to money purchase schemes	<u>58,400</u>	<u>62,728</u>

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

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

The amounts set out include remuneration in respect of the highest paid director as follows:

	30.4.17	30.4.16
	£	£
Emoluments etc	95,654	88,917
Pension contributions to money purchase schemes	<u>38,400</u>	<u>49,400</u>

5. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	30.4.17	30.4.16
	£	£
Other operating leases	251,722	276,505
Depreciation - owned assets	838,768	777,610
Loss on disposal of fixed assets	-	7,055
Goodwill amortisation	(235,443)	(235,443)
Patents and licences amortisation	19,538	19,538
Auditors' remuneration	<u>43,300</u>	<u>38,000</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	30.4.17	30.4.16
	£	£
Bank loan interest	449,325	544,812
Other interest	<u>285</u>	<u>148</u>
	<u>449,610</u>	<u>544,960</u>

7. TAXATION

Analysis of the tax charge

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

	30.4.17	30.4.16
	£	£
Current tax:		
UK corporation tax	689,979	520,675
Adjustment to prior year	<u>7,543</u>	<u>4,578</u>
Total current tax	697,522	525,253
Deferred tax	<u>(23,612)</u>	<u>18,839</u>
Tax on profit	<u>673,910</u>	<u>544,092</u>

UK corporation tax has been charged at 19.92% (2016 - 20%).

Chardon Trading Limited (Registered number: SC075521)

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 April 2017**

7. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	30.4.17 £	30.4.16 £
Profit before tax	<u>3,173,866</u>	<u>2,494,780</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19.920% (2016 - 20%)	632,234	498,956
Effects of:		
Expenses not deductible for tax purposes	1,364	3,944
Depreciation in excess of capital allowances	103,281	72,651
Adjustments to tax charge in respect of previous periods	7,543	5,558
Group goodwill adjustment	(46,900)	(47,089)
Creation/utilisation of tax losses	-	(8,767)
Deferred taxation timing differences	<u>(23,612)</u>	<u>18,839</u>
Total tax charge	<u>673,910</u>	<u>544,092</u>

Tax effects relating to effects of other comprehensive income

	Gross £	30.4.17 Tax £	Net £
Tax rate change on deferred tax relating to revaluation of tangible fixed assets	<u>-</u>	<u>656,815</u>	<u>656,815</u>
	Gross £	30.4.16 Tax £	Net £
Revaluation of property	<u>3,400,611</u>	<u>(417,519)</u>	<u>2,983,092</u>

The aggregate current and deferred tax relating to items which are recognised as items of other comprehensive income is £(656,815) (2016 - £417,519).

The tax rate for the current period is lower than the prior period due to changes in the UK corporation tax rate which decreased from 20% to 19% from 1 April 2017.

Further reductions to the UK corporation tax rates had been substantially enacted at the balance sheet date. These reduce the rate to 17% from 1 April 2020. The deferred tax liabilities reflect these rates.

8. INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

Chardon Trading Limited (Registered number: SC075521)

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 April 2017**

9. DIVIDENDS

	30.4.17 £	30.4.16 £
Ordinary shares of £1 each		
Interim	<u>-</u>	<u>2,000,027</u>

10. INTANGIBLE FIXED ASSETS

Group

	Goodwill £	Patents and licences £	Totals £
COST			
At 1 May 2016 and 30 April 2017	<u>(3,531,647)</u>	<u>283,625</u>	<u>(3,248,022)</u>
AMORTISATION			
At 1 May 2016	(2,855,835)	39,636	(2,816,199)
Amortisation for year	<u>(235,443)</u>	<u>19,538</u>	<u>(215,905)</u>
At 30 April 2017	<u>(3,091,278)</u>	<u>59,174</u>	<u>(3,032,104)</u>
NET BOOK VALUE			
At 30 April 2017	<u>(440,369)</u>	<u>224,451</u>	<u>(215,918)</u>
At 30 April 2016	<u>(675,812)</u>	<u>243,989</u>	<u>(431,823)</u>

11. TANGIBLE FIXED ASSETS

Group

	Freehold property £	Long leasehold £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1 May 2016	26,984,886	23,438,105	4,507,279	35,234	54,965,504
Additions	40,403	-	404,296	-	444,699
Reclassification/transfer	<u>4,019,256</u>	<u>(4,019,256)</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 30 April 2017	<u>31,044,545</u>	<u>19,418,849</u>	<u>4,911,575</u>	<u>35,234</u>	<u>55,410,203</u>
DEPRECIATION					
At 1 May 2016	256,571	-	3,380,332	17,144	3,654,047
Charge for year	<u>350,042</u>	<u>173,905</u>	<u>306,249</u>	<u>8,572</u>	<u>838,768</u>
At 30 April 2017	<u>606,613</u>	<u>173,905</u>	<u>3,686,581</u>	<u>25,716</u>	<u>4,492,815</u>
NET BOOK VALUE					
At 30 April 2017	<u>30,437,932</u>	<u>19,244,944</u>	<u>1,224,994</u>	<u>9,518</u>	<u>50,917,388</u>
At 30 April 2016	<u>26,728,315</u>	<u>23,438,105</u>	<u>1,126,947</u>	<u>18,090</u>	<u>51,311,457</u>

Included in freehold property is land of £5,838,932 (2016 - £5,797,889) which has not been depreciated.

Chardon Trading Limited (Registered number: SC075521)

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 April 2017**

11. TANGIBLE FIXED ASSETS - continued

Group

In July and August 2015, the hotel properties (including hotel fittings) in the subsidiaries were revalued by independent valuers. The valuation reports have been made in accordance with the RICS appraisal and valuation manual and these values have been incorporated in the financial statements. The hotel properties were valued as fully equipped operational entities having regard to trading potential. On a historical cost basis the net book value of the hotel properties now owned by the group would be £22,241,834 (2016 - £22,507,079).

The land owned by one of the subsidiaries at 161-165 West Nile St, Glasgow was revalued on the same date at a value of £4,885,000, which has also been incorporated in the financial statements. The land held at 66-74 Broomielaw in Glasgow is included at valuation. In the directors' opinion the valuation is not significantly different from the historic cost.

During the year the group acquired the landlord's interest in the Holiday Inn express hotel in Halbeath Road, Dunfermline for the sum of £40,403. In the directors' opinion the value of the land at the balance sheet date is not significantly different from the historic cost.

On a historical cost basis the net book value of the land would be £571,357 (2016 - £530,954).

Company

	Fixtures and fittings £	Motor vehicles £	Totals £
COST			
At 1 May 2016	1,728	34,289	36,017
Additions	<u>3,267</u>	<u>-</u>	<u>3,267</u>
At 30 April 2017	<u>4,995</u>	<u>34,289</u>	<u>39,284</u>
DEPRECIATION			
At 1 May 2016	622	17,144	17,766
Charge for year	<u>875</u>	<u>8,572</u>	<u>9,447</u>
At 30 April 2017	<u>1,497</u>	<u>25,716</u>	<u>27,213</u>
NET BOOK VALUE			
At 30 April 2017	<u>3,498</u>	<u>8,573</u>	<u>12,071</u>
At 30 April 2016	<u>1,106</u>	<u>17,145</u>	<u>18,251</u>

Chardon Trading Limited (Registered number: SC075521)

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 April 2017**

12. FIXED ASSET INVESTMENTS

Details of the investments in which the group holds 20% or more of the nominal value of any class of share capital are as follows:

Name of company	Holding	Proportion of voting rights	Nature of business
<u>Subsidiary Undertaking</u>			
Chardon Leisure Ltd	Ordinary shares	100%	Hotels
Ingliston Hotels Ltd	Ordinary shares	100%	Hotels
Chardon Properties Ltd	Ordinary shares	100%	Investment
Bettgrade Ltd	Ordinary shares	100%	Hotels
Chardon Edinburgh (RM) Ltd	Ordinary shares	100%	Hotels
Chardon Edinburgh Airport Ltd	Ordinary shares	100%	Dormant
Dunfermline Express Hotel Ltd	Ordinary shares	100%	Hotels

Company

Subsidiary
Undertakings
£
18,600,931

Cost at 1 May 2016 and 30 April 2017

All of the above subsidiaries are in direct ownership and are included in the consolidation

13. STOCKS

	Group	
	30.4.17	30.4.16
	£	£
Stocks	<u>41,086</u>	<u>39,293</u>

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	30.4.17	30.4.16	30.4.17	30.4.16
	£	£	£	£
Trade debtors	346,847	294,598	60,607	49,686
Amounts owed by group undertakings	-	-	8,263,068	8,471,603
Sundry debtors	30,753	20,432	30,753	30,501
Tax	29,328	45,854	-	-
VAT	10,246	-	-	-
Prepayments	<u>139,960</u>	<u>124,957</u>	<u>-</u>	<u>-</u>
	<u>557,134</u>	<u>485,841</u>	<u>8,354,428</u>	<u>8,551,790</u>

Chardon Trading Limited (Registered number: SC075521)

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 April 2017**

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	30.4.17	30.4.16	30.4.17	30.4.16
	£	£	£	£
Bank loans and overdrafts (see note 17)	3,865,722	3,135,856	2,899,820	2,540,566
Trade creditors	751,454	757,256	-	-
Amounts owed to group undertakings	-	-	767,870	967,883
Taxation	727,075	520,705	-	-
Social security and other taxes	340,165	365,690	19,860	21,693
Accrued expenses	<u>1,960,696</u>	<u>1,687,561</u>	<u>80,816</u>	<u>62,826</u>
	<u><u>7,645,112</u></u>	<u><u>6,467,068</u></u>	<u><u>3,768,366</u></u>	<u><u>3,592,968</u></u>

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	30.4.17	30.4.16	30.4.17	30.4.16
	£	£	£	£
Bank loans (see note 17)	17,864,500	18,863,500	12,992,500	13,759,500
Directors' loans (see note 17)	1,456,733	2,381,733	1,456,733	2,381,733
Advances from directors	<u>456,846</u>	<u>1,499,953</u>	<u>456,846</u>	<u>1,499,953</u>
	<u><u>19,778,079</u></u>	<u><u>22,745,186</u></u>	<u><u>14,906,079</u></u>	<u><u>17,641,186</u></u>

17. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	30.4.17	30.4.16	30.4.17	30.4.16
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank overdrafts	2,866,722	2,136,856	2,132,820	1,773,566
Bank loans	<u>999,000</u>	<u>999,000</u>	<u>767,000</u>	<u>767,000</u>
	<u><u>3,865,722</u></u>	<u><u>3,135,856</u></u>	<u><u>2,899,820</u></u>	<u><u>2,540,566</u></u>
Amounts falling due between one and two years:				
Bank loans	999,000	6,103,000	767,000	767,000
Directors' loans	<u>1,456,733</u>	<u>2,381,733</u>	<u>1,456,733</u>	<u>2,381,733</u>
	<u><u>2,455,733</u></u>	<u><u>8,484,733</u></u>	<u><u>2,223,733</u></u>	<u><u>3,148,733</u></u>
Amounts falling due between two and five years:				
Bank loans	<u><u>16,865,500</u></u>	<u><u>12,760,500</u></u>	<u><u>12,225,500</u></u>	<u><u>12,992,500</u></u>

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**Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 April 2017**

18. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Non-cancellable operating leases	
	30.4.17	30.4.16
	£	£
Within one year	143,433	134,804
Between one and five years	550,215	515,147
In more than five years	<u>12,518,688</u>	<u>12,599,609</u>
	<u><u>13,212,336</u></u>	<u><u>13,249,560</u></u>

The principal components of the above are operating leases over the land on which the hotels are located. The remaining term of the leases ranges from 106 to 116 years and the commitment over the remaining lease periods is £13,125,873 (2016 - £13,211,199).

Company

	Non-cancellable operating leases	
	30.4.17	30.4.16
	£	£
Within one year	456	-
Between one and five years	<u>1,482</u>	<u>-</u>
	<u><u>1,938</u></u>	<u><u>-</u></u>

19. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	30.4.17	30.4.16	30.4.17	30.4.16
	£	£	£	£
Bank overdraft	2,866,722	2,136,856	2,132,820	1,773,566
Bank loans	<u>18,863,500</u>	<u>19,862,500</u>	<u>13,759,500</u>	<u>14,526,500</u>
	<u><u>21,730,222</u></u>	<u><u>21,999,356</u></u>	<u><u>15,892,320</u></u>	<u><u>16,300,066</u></u>

Cross guarantees exist between the companies within the group supported by standard securities over the properties owned by the group and a bond and floating charge over group assets.

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**Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 April 2017**

20. PROVISIONS FOR LIABILITIES

	Group		Company	
	30.4.17	30.4.16	30.4.17	30.4.16
	£	£	£	£
Deferred tax	<u>2,520,425</u>	<u>3,200,852</u>	<u>1,851</u>	<u>1,552</u>
Group				
				Deferred tax
				£
Balance at 1 May 2016				3,200,852
Credit to Statement of Comprehensive Income during year				<u>(680,427)</u>
Balance at 30 April 2017				<u>2,520,425</u>
Company				
				Deferred tax
				£
Balance at 1 May 2016				1,552
Credit to Income Statement during year				<u>299</u>
Balance at 30 April 2017				<u>1,851</u>
Deferred Tax Provision				
Group				
			30.4.17	30.4.16
			£	£
Capital allowances in advance of depreciation			122,429	146,041
Deferred tax on unrealised surplus on revaluation of property			<u>2,397,996</u>	<u>3,054,811</u>
			<u>2,520,425</u>	<u>3,200,852</u>
Company				
			30.4.17	30.4.16
			£	£
Capital allowances in advance of depreciation			<u>1,851</u>	<u>1,552</u>

21. ACCRUALS AND DEFERRED INCOME

	Group	
	30.4.17	30.4.16
	£	£
Accruals and deferred income	<u>208,333</u>	<u>220,833</u>

22. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			30.4.17	30.4.16
Number:	Class:	Nominal value:	£	£
866,000	Ordinary	£1	<u>866,000</u>	<u>866,000</u>

Chardon Trading Limited (Registered number: SC075521)

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 April 2017**

23. RESERVES

Group

	Retained earnings £	Share premium £	Revaluation reserve £	Totals £
At 1 May 2016	4,789,519	5,075,840	10,926,542	20,791,901
Profit for the year	2,499,956	-	-	2,499,956
Deferred taxation	-	-	656,815	656,815
Transfer	252,189	-	(252,189)	-
At 30 April 2017	<u>7,541,664</u>	<u>5,075,840</u>	<u>11,331,168</u>	<u>23,948,672</u>

Company

	Retained earnings £	Share premium £	Totals £
At 1 May 2016	720,398	5,075,840	5,796,238
Profit for the year	<u>2,377,329</u>	<u>-</u>	<u>2,377,329</u>
At 30 April 2017	<u>3,097,727</u>	<u>5,075,840</u>	<u>8,173,567</u>

24. NON-CONTROLLING INTERESTS

The movement in non-controlling interests was as follows:

	30.4.17 £	30.4.16 £
At 1 May 2016	-	641,935
Acquisition of remaining interest in Chardon Edinburgh (RM) Ltd	-	(706,203)
Total comprehensive income attributable to non-controlling interests	<u>-</u>	<u>64,268</u>
At 30 April 2017	<u>-</u>	<u>-</u>

In August 2015 the group acquired the remaining 22.6% of the issued shares of Chardon Edinburgh (RM) Ltd and now holds 100% of the share capital of that company.

25. CAPITAL COMMITMENTS

	30.4.17 £	30.4.16 £
Contracted but not provided for in the financial statements	<u>9,312</u>	<u>-</u>

26. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

Maurice Taylor has provided a postponed loan to the company which is interest free and has no fixed repayment date. The amount outstanding at the balance sheet date is £1,456,733 (2016 - £2,381,733)

The Taylor family, who are directors, have also made advances to the company which are interest free and have no fixed repayment date. The amounts due to the family at 30 April 2017 totalled £456,846 (2016 - £1,499,953).

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**Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 April 2017**

27. RELATED PARTY DISCLOSURES

The company was under the control of Maurice Taylor, a director, throughout the period. He is personally interested in 100% of the company's issued share capital.

Thistle Car Parking Ltd, a company in which both Adam Armstrong and Nicola Taylor are directors and shareholders, sold services totalling £134,754 (2016 - £146,315) on normal commercial terms to the group. Included in creditors is a balance of £30,144 (2016 - £32,227) due to that company.

Armstrongs, Chartered Accountants, received fees of £42,000 (2016 - £42,000) during the year. Adam Armstrong is the proprietor of that organisation.

Donations of £52,740 (2016 - £94,345) were made during the year to The Taylor Charitable Trust, a charity of which both Maurice Taylor and Nicola Taylor are Trustees.