

**Group Strategic Report,
Report of the Directors and
Consolidated Financial Statements
for the Year Ended 30 April 2018
for
Chardon Trading Limited**



**Contents of the Consolidated Financial Statements
for the Year Ended 30 April 2018**

	Page
Company Information	1
Group Strategic Report	2
Report of the Directors	4
Report of the Independent Auditors	5
Consolidated Statement of Comprehensive Income	7
Consolidated Balance Sheet	8
Company Balance Sheet	9
Consolidated Statement of Changes in Equity	10
Company Statement of Changes in Equity	11
Consolidated Cash Flow Statement	12
Notes to the Consolidated Cash Flow Statement	13
Notes to the Consolidated Financial Statements	14

Chardon Trading Limited
Company Information
for the Year Ended 30 April 2018

DIRECTORS: Maurice Vincent Taylor
Mrs Frances Una Taylor
Ms Nicola Joan Taylor

SECRETARY: Adam Inglis Armstrong

REGISTERED OFFICE: Victoria Chambers
3rd Floor
142 West Nile Street
Glasgow
G1 2RQ

REGISTERED NUMBER: SC075521 (Scotland)

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

**Group Strategic Report
for the Year Ended 30 April 2018**

The directors present their strategic report of the company and the group for the year ended 30 April 2018.

REVIEW OF BUSINESS

The financial results for the year ended 30 April 2018 are contained in the consolidated statement of comprehensive income on page seven 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 5.7% year on year.
- * Rev par at £69.79 is an increase of 7.3% on the previous year.

Results

Total revenues of £17.104 million (2017 - £16.178 million) increased by 5.7% from the previous year. Operating profit, before interest, depreciation and taxation was £4.258 million (2017 - £4.246 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.

**Group Strategic Report
for the Year Ended 30 April 2018**

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.

Currency variations

Due to uncertainty over Brexit, the weak pound has resulted in a difficult environment for hotel operators as there is upwards pressure on the cost of imported goods. Conversely this has also resulted in an increase in visitor numbers, particularly from the USA which has resulted in an increase in turnover.

Labour issues

The minimum wage has increased faster than the rate of general wage inflation for several years, and there is a risk that it will continue to do so in the future. Furthermore, Brexit has prompted some EU workers to leave their jobs and, in many cases, replacement staff are coming in at a significantly higher cost. The group has mitigated this continuing risk by reviewing its operating procedures in an effort to improve productivity.

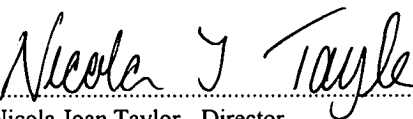
Financial risks

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.

FUTURE DEVELOPMENTS

The directors continue to investigate opportunities to assist the group to achieve future growth.

ON BEHALF OF THE BOARD:



Ms Nicola Joan Taylor - Director

Date: 14th January 2019

**Report of the Directors
for the Year Ended 30 April 2018**

The directors present their report with the financial statements of the company and the group for the year ended 30 April 2018.

DIVIDENDS

No dividends will be distributed for the year ended 30 April 2018.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 May 2017 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.

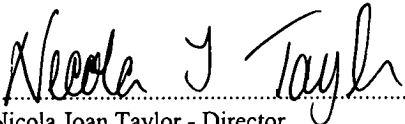
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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 Nicola Joan Taylor - Director

Date: 14th January 2019

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

Opinion

We have audited the financial statements of Chardon Trading Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 April 2018 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 30 April 2018 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

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

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

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



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

Date: 16th January 2019

**Consolidated Statement of Comprehensive Income
for the Year Ended 30 April 2018**

	Notes	30.4.18 £	30.4.17 £
TURNOVER		17,104,160	16,177,671
Cost of sales		1,020,429	994,667
GROSS PROFIT		16,083,731	15,183,004
Administrative expenses		12,519,236	11,662,141
		3,564,495	3,520,863
Other operating income		89,834	101,500
OPERATING PROFIT	5	3,654,329	3,622,363
Interest receivable and similar income		321	1,113
		3,654,650	3,623,476
Interest payable and similar expenses	6	418,101	449,610
PROFIT BEFORE TAXATION		3,236,549	3,173,866
Tax on profit	7	648,879	673,910
PROFIT FOR THE FINANCIAL YEAR		2,587,670	2,499,956
OTHER COMPREHENSIVE INCOME			
Unrealised surplus on revaluation of property		14,312,863	-
Income tax relating to other comprehensive income		(2,422,904)	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		11,889,959	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		14,477,629	2,499,956
Profit attributable to: Owners of the parent		2,587,670	2,499,956
Total comprehensive income attributable to: Owners of the parent		14,477,629	2,499,956

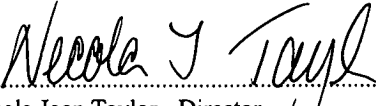
The notes form part of these financial statements

Chardon Trading Limited (Registered number: SC075521)

Consolidated Balance Sheet
30 April 2018

	Notes	30.4.18 £	30.4.17 £
FIXED ASSETS			
Intangible assets	9	(13)	(215,918)
Tangible assets	10	64,671,933	50,917,388
Investments	11	-	-
		<u>64,671,920</u>	<u>50,701,470</u>
CURRENT ASSETS			
Stocks	12	44,282	41,086
Debtors	13	484,692	557,134
Cash at bank and in hand		2,942,175	3,666,931
		<u>3,471,149</u>	<u>4,265,151</u>
CREDITORS			
Amounts falling due within one year	14	6,329,337	7,645,112
NET CURRENT LIABILITIES			
		<u>(2,858,188)</u>	<u>(3,379,961)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		61,813,732	47,321,509
CREDITORS			
Amounts falling due after more than one year	15	(17,390,821)	(19,778,079)
PROVISIONS FOR LIABILITIES			
	19	(4,677,614)	(2,520,425)
ACCRUALS AND DEFERRED INCOME			
	20	(195,833)	(208,333)
NET ASSETS			
		<u>39,549,464</u>	<u>24,814,672</u>
CAPITAL AND RESERVES			
Called up share capital	21	866,000	866,000
Share premium	22	5,075,840	5,075,840
Revaluation reserve	22	23,226,101	11,331,168
Retained earnings	22	10,381,523	7,541,664
SHAREHOLDERS' FUNDS			
		<u>39,549,464</u>	<u>24,814,672</u>

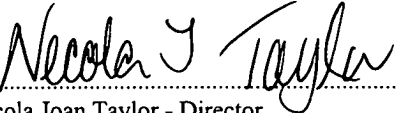
The financial statements were approved by the Board of Directors on 16th January 2019 and were signed on its behalf by:


Ms Nicola Joan Taylor - Director

Company Balance Sheet
30 April 2018

	Notes	30.4.18 £	30.4.17 £
FIXED ASSETS			
Intangible assets	9	-	-
Tangible assets	10	34,054	12,071
Investments	11	18,600,931	18,600,931
		<u>18,634,985</u>	<u>18,613,002</u>
CURRENT ASSETS			
Debtors	13	7,318,468	8,354,428
Cash at bank and in hand		<u>1,178,580</u>	<u>748,433</u>
		8,497,048	9,102,861
CREDITORS			
Amounts falling due within one year	14	<u>3,103,536</u>	<u>3,768,366</u>
NET CURRENT ASSETS		<u>5,393,512</u>	<u>5,334,495</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>24,028,497</u>	<u>23,947,497</u>
CREDITORS			
Amounts falling due after more than one year	15	(12,750,821)	(14,906,079)
PROVISIONS FOR LIABILITIES	19	-	(1,851)
NET ASSETS		<u><u>11,277,676</u></u>	<u><u>9,039,567</u></u>
CAPITAL AND RESERVES			
Called up share capital	21	866,000	866,000
Share premium	22	5,075,840	5,075,840
Retained earnings	22	<u>5,335,836</u>	<u>3,097,727</u>
SHAREHOLDERS' FUNDS		<u><u>11,277,676</u></u>	<u><u>9,039,567</u></u>
Company's profit for the financial year		<u><u>2,238,109</u></u>	<u><u>2,377,329</u></u>

The financial statements were approved by the Board of Directors on 16th January 2019 and were signed on its behalf by:


.....
Ms Nicola Joan Taylor - Director

**Consolidated Statement of Changes in Equity
for the Year Ended 30 April 2018**

	Called up share capital £	Retained earnings £	Share premium £	Revaluation reserve £	Total equity £
Balance at 1 May 2016	866,000	4,789,519	5,075,840	10,926,542	21,657,901
Changes in equity					
Total comprehensive income	-	2,499,956	-	-	2,499,956
Deferred tax on unrealised surplus on revaluation of property	-	-	-	656,815	656,815
Transfer	-	252,189	-	(252,189)	-
Balance at 30 April 2017	<u>866,000</u>	<u>7,541,664</u>	<u>5,075,840</u>	<u>11,331,168</u>	<u>24,814,672</u>
Changes in equity					
Total comprehensive income	-	2,587,670	-	11,889,959	14,477,629
Deferred tax on unrealised surplus on revaluation of property	-	-	-	257,163	257,163
Transfer	-	252,189	-	(252,189)	-
Balance at 30 April 2018	<u><u>866,000</u></u>	<u><u>10,381,523</u></u>	<u><u>5,075,840</u></u>	<u><u>23,226,101</u></u>	<u><u>39,549,464</u></u>

The notes form part of these financial statements

**Company Statement of Changes in Equity
for the Year Ended 30 April 2018**

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 May 2016	866,000	720,398	5,075,840	6,662,238
Changes in equity				
Total comprehensive income	-	2,377,329	-	2,377,329
Balance at 30 April 2017	866,000	3,097,727	5,075,840	9,039,567
Changes in equity				
Total comprehensive income	-	2,238,109	-	2,238,109
Balance at 30 April 2018	866,000	5,335,836	5,075,840	11,277,676

The notes form part of these financial statements

**Consolidated Cash Flow Statement
for the Year Ended 30 April 2018**

	Notes	30.4.18 £	30.4.17 £
Cash flows from operating activities			
Cash generated from operations	1	4,561,953	4,387,461
Interest paid		(413,181)	(452,149)
Interest element of hire purchase or finance lease rental payments paid		(313)	-
Tax paid		(977,473)	(474,626)
Net cash from operating activities		<u>3,170,986</u>	<u>3,460,686</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(277,541)	(444,699)
Sale of tangible fixed assets		16,100	-
Interest received		321	1,113
Net cash from investing activities		<u>(261,120)</u>	<u>(443,586)</u>
Cash flows from financing activities			
Loan repayments in year		(999,000)	(999,000)
Amount withdrawn by directors		(1,388,258)	(1,968,107)
Net cash from financing activities		<u>(2,387,258)</u>	<u>(2,967,107)</u>
Increase in cash and cash equivalents		<u>522,608</u>	<u>49,993</u>
Cash and cash equivalents at beginning of year	2	800,209	750,216
Cash and cash equivalents at end of year	2	<u><u>1,322,817</u></u>	<u><u>800,209</u></u>

The notes form part of these financial statements

Notes to the Consolidated Cash Flow Statement
for the Year Ended 30 April 2018

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

	30.4.18	30.4.17
	£	£
Profit before taxation	3,236,549	3,173,866
Depreciation charges	610,436	622,863
Profit on disposal of fixed assets	(6,582)	-
Accrued income	(12,500)	(12,500)
Finance costs	418,101	449,610
Finance income	(321)	(1,113)
	<u>4,245,683</u>	<u>4,232,726</u>
Increase in stocks	(3,196)	(1,793)
Decrease/(increase) in trade and other debtors	43,963	(87,819)
Increase in trade and other creditors	275,503	244,347
	<u>4,561,953</u>	<u>4,387,461</u>
Cash generated from operations	<u><u>4,561,953</u></u>	<u><u>4,387,461</u></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 2018

	30.4.18	1.5.17
	£	£
Cash and cash equivalents	2,942,175	3,666,931
Bank overdrafts	(1,619,358)	(2,866,722)
	<u>1,322,817</u>	<u>800,209</u>

Year ended 30 April 2017

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

Notes to the Consolidated Financial Statements
for the Year Ended 30 April 2018

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.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 April 2018

2. ACCOUNTING POLICIES - continued

Financial instruments

Basic financial instruments, including debtors and creditors with no stated interest rate and receivable or payable within one year, are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in administrative expenses.

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 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

	30.4.18	30.4.17
	£	£
Wages and salaries	4,122,869	3,815,001
Social security costs	286,642	235,235
Other pension costs	203,828	137,574
	<u>4,613,339</u>	<u>4,187,810</u>

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

	30.4.18	30.4.17
General staff	229	207
Administrative staff	15	14
	<u>244</u>	<u>221</u>

4. DIRECTORS' EMOLUMENTS

	30.4.18	30.4.17
	£	£
Directors' remuneration	207,658	205,083
Directors' pension contributions to money purchase schemes	<u>76,733</u>	<u>58,400</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 April 2018

4. **DIRECTORS' EMOLUMENTS - continued**

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

Money purchase schemes	2	2
------------------------	---	---

Information regarding the highest paid director is as follows:

	30.4.18	30.4.17
	£	£
Emoluments etc	97,772	95,654
Pension contributions to money purchase schemes	38,400	38,400

5. **OPERATING PROFIT**

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

	30.4.18	30.4.17
	£	£
Other operating leases	283,952	251,722
Depreciation - owned assets	826,341	838,768
Profit on disposal of fixed assets	(6,582)	-
Goodwill amortisation	(235,443)	(235,443)
Patents and licences amortisation	19,538	19,538
Auditors' remuneration	48,360	43,300

6. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	30.4.18	30.4.17
	£	£
Bank loan interest	415,192	449,325
Other interest	2,596	285
Hire purchase	313	-

7. **TAXATION**

Analysis of the tax charge

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

	30.4.18	30.4.17
	£	£
Current tax:		
UK corporation tax	666,554	689,979
Adjustment to prior year	(9,123)	7,543
Total current tax	657,431	697,522
Deferred tax	(8,552)	(23,612)
Tax on profit	648,879	673,910

UK corporation tax has been charged at 19% (2017 - 19.92%).

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 April 2018

7. TAXATION - continued

Tax on items charged to equity

	30.4.18	30.4.17
	£	£
Adjustment to deferred tax on unrealised surplus on revaluation of property	(2,551,163)	(656,815)

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:

	30.4.18	30.4.17
	£	£
Profit before tax	3,236,549	3,173,866
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.920%)	614,944	632,234
Effects of:		
Expenses not deductible for tax purposes	1,219	1,364
Depreciation in excess of capital allowances	95,125	103,281
Adjustments to tax charge in respect of previous periods	(9,123)	7,543
Group goodwill adjustment	(44,734)	(46,900)
Deferred taxation timing differences	(8,552)	(23,612)
Total tax charge	648,879	673,910

Tax effects relating to effects of other comprehensive income

	Gross £	30.4.18 Tax £	Net £
Unrealised surplus on revaluation of property	14,312,863	(2,422,904)	11,889,959
	14,312,863	(2,422,904)	11,889,959

The aggregate current and deferred tax relating to items which are recognised as items of other comprehensive income is £2,763,427 (2017 - £nil).

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 Statement of Comprehensive Income of the parent company is not presented as part of these financial statements.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 April 2018

9. INTANGIBLE FIXED ASSETS

Group

	Goodwill £	Patents and licences £	Totals £
COST			
At 1 May 2017 and 30 April 2018	(3,531,647)	283,625	(3,248,022)
AMORTISATION			
At 1 May 2017	(3,091,278)	59,174	(3,032,104)
Amortisation for year	(235,443)	19,538	(215,905)
At 30 April 2018	(3,326,721)	78,712	(3,248,009)
NET BOOK VALUE			
At 30 April 2018	(204,926)	204,913	(13)
At 30 April 2017	(440,369)	224,451	(215,918)

10. TANGIBLE FIXED ASSETS

Group

	Freehold property £	Long leasehold £	Fixtures and fittings £	Motor vehicles £	Totals £
COST OR VALUATION					
At 1 May 2017	31,044,545	19,418,849	4,911,575	35,234	55,410,203
Additions	-	-	237,543	39,998	277,541
Disposals	-	-	-	(35,234)	(35,234)
Revaluations	6,075,663	6,932,735	-	-	13,008,398
At 30 April 2018	37,120,208	26,351,584	5,149,118	39,998	68,660,908
DEPRECIATION					
At 1 May 2017	606,613	173,905	3,686,581	25,716	4,492,815
Charge for year	350,042	173,905	292,394	10,000	826,341
Eliminated on disposal	-	-	-	(25,716)	(25,716)
Revaluation adjustments	(956,655)	(347,810)	-	-	(1,304,465)
At 30 April 2018	-	-	3,978,975	10,000	3,988,975
NET BOOK VALUE					
At 30 April 2018	37,120,208	26,351,584	1,170,143	29,998	64,671,933
At 30 April 2017	30,437,932	19,244,944	1,224,994	9,518	50,917,388

Included in freehold property is land of £6,322,879 (2017 - £5,838,932) which has not been depreciated.

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 April 2018**

10. TANGIBLE FIXED ASSETS - continued**Group**

In September and October 2018 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 £21,976,482 (2017 - £22,241,834).

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 £5,725,000, which has also been incorporated in the financial statements.

The land held at 66-74 Broomielaw in Glasgow and the landlord's interest in the Holiday Inn Express hotel in Halbeath Road, Dunfermline are included at valuation. In the directors' opinion these valuations are not significantly different from the historic costs.

On a historical cost basis the net book value of the land would be £571,357 (2017 - £571,357).

Company

	Fixtures and fittings £	Motor vehicles £	Totals £
COST			
At 1 May 2017	4,995	34,289	39,284
Additions	1,426	39,998	41,424
Disposals	-	(34,289)	(34,289)
At 30 April 2018	6,421	39,998	46,419
DEPRECIATION			
At 1 May 2017	1,497	25,716	27,213
Charge for year	868	10,000	10,868
Eliminated on disposal	-	(25,716)	(25,716)
At 30 April 2018	2,365	10,000	12,365
NET BOOK VALUE			
At 30 April 2018	4,056	29,998	34,054
At 30 April 2017	3,498	8,573	12,071

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 April 2018

11. **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
			£
Cost at 1 May 2017 and 30 April 2018			18,600,931

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

12. **STOCKS**

	Group	
	30.4.18	30.4.17
	£	£
Stocks	44,282	41,086

13. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Company	
	30.4.18	30.4.17	30.4.18	30.4.17
	£	£	£	£
Trade debtors	350,331	346,847	30,355	60,607
Amounts owed by group undertakings	-	-	7,253,199	8,263,068
Sundry debtors	34,914	30,753	34,914	30,753
Tax	849	29,328	-	-
VAT	-	10,246	-	-
Prepayments	98,598	139,960	-	-
	484,692	557,134	7,318,468	8,354,428

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 April 2018

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	30.4.18	30.4.17	30.4.18	30.4.17
	£	£	£	£
Bank loans and overdrafts (see note 16)	2,618,358	3,865,722	1,975,825	2,899,820
Trade creditors	917,438	751,454	-	-
Amounts owed to group undertakings	-	-	966,357	767,870
Taxation	378,554	727,075	-	-
Social security and other taxes	335,066	340,165	28,402	19,860
Accrued expenses	2,079,921	1,960,696	132,952	80,816
	<u>6,329,337</u>	<u>7,645,112</u>	<u>3,103,536</u>	<u>3,768,366</u>

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

	Group		Company	
	30.4.18	30.4.17	30.4.18	30.4.17
	£	£	£	£
Bank loans (see note 16)	16,865,500	17,864,500	12,225,500	12,992,500
Directors' loans (see note 16)	131,733	1,456,733	131,733	1,456,733
Advances from directors	393,588	456,846	393,588	456,846
	<u>17,390,821</u>	<u>19,778,079</u>	<u>12,750,821</u>	<u>14,906,079</u>

16. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	30.4.18	30.4.17	30.4.18	30.4.17
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank overdrafts	1,619,358	2,866,722	1,208,825	2,132,820
Bank loans	999,000	999,000	767,000	767,000
	<u>2,618,358</u>	<u>3,865,722</u>	<u>1,975,825</u>	<u>2,899,820</u>
Amounts falling due between one and two years:				
Bank loans	999,000	999,000	767,000	767,000
Directors' loans	131,733	1,456,733	131,733	1,456,733
	<u>1,130,733</u>	<u>2,455,733</u>	<u>898,733</u>	<u>2,223,733</u>
Amounts falling due between two and five years:				
Bank loans	15,866,500	16,865,500	11,458,500	12,225,500

17. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 April 2018

Group

	Non-cancellable operating leases	
	30.4.18	30.4.17
	£	£
Within one year	143,993	143,433
Between one and five years	531,682	550,215
In more than five years	12,445,024	12,518,688
	<u>13,120,699</u>	<u>13,212,336</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 105 to 115 years and the commitment over the remaining lease periods is £13,060,709 (2017 - £13,125,873).

Company

	Non-cancellable operating leases	
	30.4.18	30.4.17
	£	£
Within one year	456	456
Between one and five years	1,026	1,482
	<u>1,482</u>	<u>1,938</u>

18. **SECURED DEBTS**

The following secured debts are included within creditors:

	Group		Company	
	30.4.18	30.4.17	30.4.18	30.4.17
	£	£	£	£
Bank overdraft	1,619,358	2,866,722	1,208,825	2,132,820
Bank loans	17,864,500	18,863,500	12,992,500	13,759,500
	<u>19,483,858</u>	<u>21,730,222</u>	<u>14,201,325</u>	<u>15,892,320</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.

19. **PROVISIONS FOR LIABILITIES**

	Group		Company	
	30.4.18	30.4.17	30.4.18	30.4.17
	£	£	£	£
Deferred tax	4,677,614	2,520,425	-	1,851
	<u>4,677,614</u>	<u>2,520,425</u>	<u>-</u>	<u>1,851</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 April 2018

19. PROVISIONS FOR LIABILITIES - continued

Group

	Deferred tax £
Balance at 1 May 2017	2,520,425
Charge to Statement of Comprehensive Income during year	2,414,352
Deferred tax adjustment to revaluation reserve	(257,163)
Balance at 30 April 2018	<u>4,677,614</u>

Company

	Deferred tax £
Balance at 1 May 2017	1,851
Provided during year	(1,851)
Balance at 30 April 2018	<u>-</u>

Deferred Tax Provision

Group

	30.4.18 £	30.4.17 £
Capital allowances in advance of depreciation	113,877	122,429
Deferred tax on unrealised surplus on revaluation of property	<u>4,563,737</u>	<u>2,397,996</u>
	<u>4,677,614</u>	<u>2,520,425</u>

Company

	30.4.18 £	30.4.17 £
Capital allowances in advance of depreciation	<u>-</u>	<u>1,851</u>

20. ACCRUALS AND DEFERRED INCOME

	Group	
	30.4.18 £	30.4.17 £
Accruals and deferred income	<u>195,833</u>	<u>208,333</u>

21. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	30.4.18 £	30.4.17 £
866,000	Ordinary	£1	<u>866,000</u>	<u>866,000</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 April 2018

22. RESERVES

Group

	Retained earnings £	Share premium £	Revaluation reserve £	Totals £
At 1 May 2017	7,541,664	5,075,840	11,331,168	23,948,672
Profit for the year	2,587,670	-	-	2,587,670
Revaluation in year	-	-	11,889,959	11,889,959
Deferred tax on unrealised surplus on revaluation of property	-	-	257,163	257,163
Transfer	252,189	-	(252,189)	-
At 30 April 2018	<u>10,381,523</u>	<u>5,075,840</u>	<u>23,226,101</u>	<u>38,683,464</u>

Company

	Retained earnings £	Share premium £	Totals £
At 1 May 2017	3,097,727	5,075,840	8,173,567
Profit for the year	2,238,109	-	2,238,109
At 30 April 2018	<u>5,335,836</u>	<u>5,075,840</u>	<u>10,411,676</u>

23. CAPITAL COMMITMENTS

	30.4.18 £	30.4.17 £
Contracted but not provided for in the financial statements	-	9,312

24. 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 £131,733 (2017 - £1,456,733).

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 2018 totalled £393,588 (2017 - £456,846).

25. 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 £123,280 (2017 - £134,754) on normal commercial terms to Ingliston Hotels Ltd. Included in creditors is a balance of £29,989 (2017 - £30,144) due to that company.

Armstrongs, Chartered Accountants, received fees of £42,000 (2017 - £42,000) during the year. Adam Armstrong is the proprietor of that organisation.

Donations of £56,000 (2017 - £52,740) were made during the year to The Taylor Charitable Trust, a charity of which both Maurice Taylor and Nicola Taylor are Trustees.