

J. & R. Group Limited
Financial Statements
31 March 2018



FOURM LIMITED
Chartered Accountants & Statutory Auditor
Stannergate House
41 Dundee Road West
Broughty Ferry
Dundee
DD5 1NB

J. & R. Group Limited

Financial Statements

Year ended 31 March 2018

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J. & R. Group Limited
Officers and Professional Advisers

The board of directors	Mr J. P. Erasmus Mr R. W. Drummond
Registered office	113 Atholl Road Pitlochry Perthshire PH16 5AG
Auditor	FourM Limited Chartered Accountants & Statutory Auditor Stannergate House 41 Dundee Road West Broughty Ferry Dundee DD5 1NB
Bankers	Clydesdale Bank Nethergate House 158 Nethergate Dundee DD1 4DY
Solicitors	J & H Mitchell WS 51 Atholl Road Pitlochry PH16 5BU

J. & R. Group Limited

Strategic Report

Year ended 31 March 2018

Principal activities and review of the business

The principal activity of the company during the year was to act as a holding company providing management services to, and renting property to its subsidiaries.

The principal activities of the subsidiary companies, McKays Hotel, Bar & Restaurant Limited and The Boat of Garten Hotel Limited are that of hotels and restaurants.

The subsidiary, Strathgarry Hotels & Leisure Limited, was not trading during the year.

The group has seen continued improvement over the previous year following a period of hotel renovations and tailored marketing. The directors are happy with the results for the year and are confident that the group will remain profitable for the foreseeable future.

Principal risks and uncertainties

Market and economic risk

The group is exposed to seasonality in the trade with the majority of income generated from tourism in the area. The group tries to mitigate this by offering reduced rates during off peak times.

Funding and Liquidity Risk

The group aims to mitigate liquidity risk by managing cash generated by its operations and having access to adequate working capital borrowing facilities. Cash resources are monitored weekly to ensure funds are always available to meet the group requirements.

Interest Rate Risk

The group makes use of bank borrowings to finance its operations and is therefore susceptible to movements in interest rates. This is managed by entering into fixed rate agreements where possible.

Political Risk

The Group continues to monitor the implications of the UK's exit from the European Union, particularly in regards to the access of both EU residents seeking work in the work and overseas visitors.

Results for the year

Sales for the year have increased by 3% to £3.96m. The directors consider this to be a positive result for the group.

As in previous years, the property portfolio has been revalued during the year, with a resultant increase of £0.37million in the revaluation reserve.

Development and performance of the companies business over the year

The group continued with its principal activities based around the hospitality industry. The group continued to maintain and upgrade facilities to ensure a high standard of accommodation.

Position at the year end

The group continued with its principal activities based around the hospitality industry. The group continued to maintain and upgrade facilities to ensure a high standard of accommodation.

Key performance indicators

The group used a number of appropriate key performance measures to monitor the performance of the business during the 12 month period to 31 March 2018.

Future developments

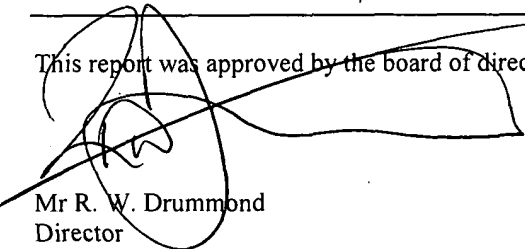
The group intends to continue to focus on its activities in the hospitality and leisure industry and does not envisage any significant changes to the operations of the group over the next 12 months.

J. & R. Group Limited

Strategic Report *(continued)*

Year ended 31 March 2018

This report was approved by the board of directors on 11 December 2018 and signed on behalf of the board by:



Mr R. W. Drummond
Director

Registered office:
113 Atholl Road
Pitlochry
Perthshire
PH16 5AG

J. & R. Group Limited

Directors' Report

Year ended 31 March 2018

The directors present their report and the financial statements of the group for the year ended 31 March 2018.

Directors

The directors who served the company during the year were as follows:

Mr J. P. Erasmus
Mr R. W. Drummond

Dividends

The directors do not recommend the payment of a dividend.

Disclosure of information in the strategic report

In accordance with section 414c(11) of the Companies Act 2006, the company has set out its strategic report at page two of these accounts.

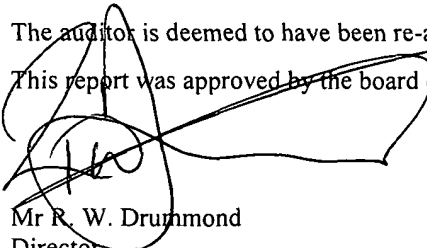
Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the group and the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the group and the company's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 11 December 2018 and signed on behalf of the board by:



Mr R. W. Drummond
Director

Registered office:
113 Atholl Road
Pitlochry
Perthshire
PH16 5AG

J. & R. Group Limited
Directors' Responsibilities Statement
Year ended 31 March 2018

The directors are responsible for preparing the strategic report, 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 the company and 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 judgments 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 transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

J. & R. Group Limited

Independent Auditor's Report to the Members of J. & R. Group Limited

Year ended 31 March 2018

Opinion

We have audited the financial statements of J. & R. Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2018 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows and the related notes, 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 of the parent company's affairs as at 31 March 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;
- 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 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.

J. & R. Group Limited

Independent Auditor's Report to the Members of J. & R. Group Limited *(continued)*

Year ended 31 March 2018

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and 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.

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
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J. & R. Group Limited

Independent Auditor's Report to the Members of J. & R. Group Limited *(continued)*

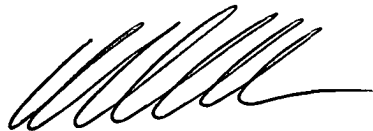
Year ended 31 March 2018

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.



Karen Henderson MCIBS BA(Hons) CA (Senior Statutory Auditor)

For and on behalf of
FourM Limited
Chartered Accountants & Statutory Auditor
Stannergate House
41 Dundee Road West
Broughty Ferry
Dundee
DD5 1NB

11 December 2018

J. & R. Group Limited
Consolidated Statement of Comprehensive Income
Year ended 31 March 2018

	Note	2018 £	2017 £
Turnover	4	3,961,952	3,863,942
Cost of sales		2,366,573	2,435,819
Gross profit		1,595,379	1,428,123
Administrative expenses		1,119,154	1,176,347
Other operating income	5	32,003	25,555
Operating profit	6	508,228	277,331
Interest payable and similar expenses	10	88,531	92,098
Profit before taxation		419,697	185,233
Tax on profit	11	93,899	39,533
Profit for the financial year		325,798	145,700
Revaluation of tangible assets		368,378	—
Total comprehensive income for the year		694,176	145,700

All the activities of the group are from continuing operations.

The notes on pages 15 to 27 form part of these financial statements.

J. & R. Group Limited
Consolidated Statement of Financial Position
31 March 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	12	90,250	123,750
Tangible assets	13	5,632,047	4,994,531
		<u>5,722,297</u>	<u>5,118,281</u>
Current assets			
Stocks	15	50,060	41,813
Debtors	16	353,354	176,531
Cash at bank and in hand		43,878	3,981
		<u>447,292</u>	<u>222,325</u>
Creditors: amounts falling due within one year	18	<u>1,291,726</u>	<u>953,895</u>
Net current liabilities		<u>844,434</u>	<u>731,570</u>
Total assets less current liabilities		<u>4,877,863</u>	<u>4,386,711</u>
Creditors: amounts falling due after more than one year	19	2,609,294	2,858,913
Provisions			
Taxation including deferred tax	20	146,193	99,598
Net assets		<u>2,122,376</u>	<u>1,428,200</u>
Capital and reserves			
Called up share capital	23	16	16
Share premium account	24	299,988	299,988
Revaluation reserve	24	1,217,879	849,501
Profit and loss account	24	604,493	278,695
Shareholders funds		<u>2,122,376</u>	<u>1,428,200</u>

These financial statements were approved by the board of directors and authorised for issue on 11 December 2018 and are signed on behalf of the board by:

Mr R. W. Drummond
Director

Company registration number: SC318321

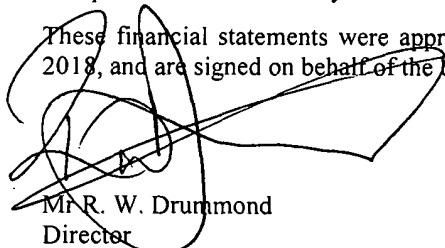
The notes on pages 15 to 27 form part of these financial statements.

J. & R. Group Limited
Company Statement of Financial Position
31 March 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	12	90,250	123,750
Tangible assets	13	5,418,706	4,771,445
Investments	14	208,004	208,005
		<u>5,716,960</u>	<u>5,103,200</u>
Current assets			
Stocks	15	–	2,762
Debtors	16	443,823	309,027
Cash at bank and in hand		3	31
		<u>443,826</u>	<u>311,820</u>
Creditors: amounts falling due within one year	18	<u>1,707,363</u>	<u>1,326,496</u>
Net current liabilities		<u>1,263,537</u>	<u>1,014,676</u>
Total assets less current liabilities		<u>4,453,423</u>	<u>4,088,524</u>
Creditors: amounts falling due after more than one year	19	2,564,003	2,799,761
Provisions			
Taxation including deferred tax	20	115,040	88,340
Net assets		<u>1,774,380</u>	<u>1,200,423</u>
Capital and reserves			
Called up share capital	23	16	16
Share premium account	24	299,988	299,988
Revaluation reserve	24	1,217,879	849,501
Profit and loss account	24	256,497	50,918
Shareholders funds		<u>1,774,380</u>	<u>1,200,423</u>

The profit for the financial year of the parent company was £573,955 (2017: £172,427).

These financial statements were approved by the board of directors and authorised for issue on 11 December 2018, and are signed on behalf of the board by:



Mr R. W. Drummond
Director

Company registration number: SC318321

The notes on pages 15 to 27 form part of these financial statements.

J. & R. Group Limited
Consolidated Statement of Changes in Equity
Year ended 31 March 2018

	Note	Called up share capital £	Share premium account £	Revaluation reserve £	Profit and loss account £	Total £
At 1 April 2016 (as previously reported)		16	299,988	834,288	132,995	1,267,287
Deferred tax movement		—	—	15,213	—	15,213
At 1 April 2016 (restated)		<u>16</u>	<u>299,988</u>	<u>849,501</u>	<u>132,995</u>	<u>1,282,500</u>
Profit for the year		—	—	—	145,700	145,700
Total comprehensive income for the year		—	—	—	145,700	145,700
At 31 March 2017		16	299,988	849,501	278,695	1,428,200
Profit for the year		—	—	—	325,798	325,798
Other comprehensive income for the year:						
Revaluation of tangible assets	13	—	—	368,378	—	368,378
Total comprehensive income for the year		—	—	368,378	325,798	694,176
At 31 March 2018		<u>16</u>	<u>299,988</u>	<u>1,217,879</u>	<u>604,493</u>	<u>2,122,376</u>

The notes on pages 15 to 27 form part of these financial statements.

J. & R. Group Limited
Company Statement of Changes in Equity
Year ended 31 March 2018

	Called up share capital £	Share premium account £	Revaluation reserve £	Profit and loss account £	Total £
At 1 April 2016 (as previously reported)	16	299,988	834,288	(121,509)	1,012,783
Deferred tax movement	—	—	15,213	—	15,213
At 1 April 2016 (restated)	<u>16</u>	<u>299,988</u>	<u>849,501</u>	<u>(121,509)</u>	<u>1,027,996</u>
Profit for the year	—	—	—	172,427	172,427
Total comprehensive income for the year	—	—	—	172,427	172,427
At 31 March 2017	16	299,988	849,501	50,920	1,200,425
Profit for the year	—	—	—	573,955	573,955
Other comprehensive income for the year:					
Reclassification from profit and loss account to revaluation reserve	—	—	368,378	(368,378)	—
Total comprehensive income for the year	—	—	368,378	205,577	573,955
At 31 March 2018	<u>16</u>	<u>299,988</u>	<u>1,217,879</u>	<u>256,497</u>	<u>1,774,380</u>

The notes on pages 15 to 27 form part of these financial statements.

J. & R. Group Limited
Consolidated Statement of Cash Flows
Year ended 31 March 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Profit for the financial year		325,798	145,700
<i>Adjustments for:</i>			
Depreciation of tangible assets		74,923	83,508
Impairment of tangible assets		(30,000)	–
Amortisation of intangible assets		33,500	52,000
Interest payable and similar expenses		88,531	92,098
Loss on disposal of tangible assets		1,438	6,467
Tax on profit		93,899	39,533
Accrued expenses		104,812	14,183
<i>Changes in:</i>			
Stocks		(8,247)	11,799
Trade and other debtors		(176,823)	114,454
Trade and other creditors		66,656	(104,515)
Cash generated from operations		574,487	455,227
Interest paid		(88,531)	(92,098)
Tax paid		(27,326)	(82,952)
Net cash from operating activities		<u>458,630</u>	<u>280,177</u>
Cash flows from investing activities			
Purchase of tangible assets		(296,661)	(140,749)
Proceeds from sale of tangible assets		998	18,018
Net cash used in investing activities		<u>(295,663)</u>	<u>(122,731)</u>
Cash flows from financing activities			
Proceeds from borrowings		–	400,000
Repayments of borrowings		(240,341)	(235,659)
Proceeds from loans from participating interests		7,547	–
Net cash (used in)/from financing activities		<u>(232,794)</u>	<u>164,341</u>
Net (decrease)/increase in cash and cash equivalents		(69,827)	321,787
Cash and cash equivalents at beginning of year		(222,081)	(543,868)
Cash and cash equivalents at end of year	17	<u>(291,908)</u>	<u>(222,081)</u>

The notes on pages 15 to 27 form part of these financial statements.

J. & R. Group Limited
Notes to the Financial Statements
Year ended 31 March 2018

1. General information

The company is a private company limited by shares, registered in Scotland. The address of the registered office is 113 Atholl Road, Pitlochry, Perthshire, PH16 5AG.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of properties measured at fair value.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

The directors consider that the going concern basis is still applicable for the preparation of the financial statements. The ability of the group to continue is dependent on the continuing support of the group's bankers and directors. The directors are confident that following a period of renovations, restructuring and further marketing, that the group will continue to be profitable and meet its obligations as they fall due.

Disclosure exemptions

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102:

- (a) No cash flow statement has been presented for the company.
- (b) Disclosures in respect of financial instruments have not been presented.

Consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over 10 years from the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Revenue recognition

The turnover shown in the profit and loss account represents income from the sale of food and beverage items, the use of hotel facilities and invoiced amounts for the supply of labour for building maintenance purposes during the year, exclusive of Value Added Tax.

J. & R. Group Limited
Notes to the Financial Statements *(continued)*
Year ended 31 March 2018

3. Accounting policies *(continued)*

Corporation tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Operating leases

Lease income is recognised in profit or loss on a straight line basis over the lease term. The aggregate cost of lease incentives are recognised as a reduction to income over the lease term on a straight-line basis. Costs, including depreciation, incurred in earning the lease income are recognised as an expense. Any initial direct costs incurred in negotiating and arranging the operating lease are added to the carrying amount of the lease and recognised as an expense over the lease term on the same basis as the lease income.

Goodwill

Positive purchased goodwill arising on acquisitions is capitalised, classified as an asset on the Balance Sheet and amortised over its useful economic life. Where a reliable estimate of the useful life of goodwill or intangible assets cannot be made, the life is presumed not to exceed ten years. Useful economic lives are reviewed at the end of each reporting period and revised if necessary, subject to the constraint that the revised life shall not exceed 10 years from the date of acquisition. The carrying amount at the date of revision is depreciated over the revised estimate of remaining useful economic life.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill - 10 years straight line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

J. & R. Group Limited
Notes to the Financial Statements *(continued)*
Year ended 31 March 2018

3. Accounting policies *(continued)*

Tangible assets *(continued)*

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Plant & Machinery	- 15 years
Fixtures & Fittings	- 15%-25% reducing balance and straight line
Equipment	- 25% reducing balance

No depreciation has been charged in respect of freehold property, as it is the opinion of the directors that the economic life of these assets is such that no material depreciation charge exists for the accounting period. This is not in accordance with Financial Reporting Standards 102, which states all assets should be depreciated over their economic useful life.

Investment property

Investment property is initially recorded at cost, which includes purchase price and any directly attributable expenditure.

Investment property is revalued to its fair value at each reporting date and any changes in fair value are recognised in profit or loss.

If a reliable measure of fair value is no longer available without undue cost or effort for an item of investment property, it shall be transferred to tangible assets and treated as such until it is expected that fair value will be reliably measurable on an on-going basis.

Investments

Investments comprise of shares held in subsidiary companies. The investments are held at cost less any perceived diminution in value.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

J. & R. Group Limited
Notes to the Financial Statements *(continued)*
Year ended 31 March 2018

3. Accounting policies *(continued)*

Stocks

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

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

4. Turnover

Turnover arises from:

	2018	2017
	£	£
Sale of hospitality, catering services and accommodation	<u>3,961,952</u>	<u>3,863,942</u>

The whole of the turnover is attributable to the principal activity of the group wholly undertaken in the United Kingdom.

5. Other operating income

	2018	2017
	£	£
Rental income	<u>32,003</u>	<u>25,555</u>

6. Operating profit

Operating profit or loss is stated after charging/crediting:

	2018	2017
	£	£
Amortisation of intangible assets	33,500	52,000
Depreciation of tangible assets	74,923	83,508
Reversal of impairment of tangible assets recognised in:		
Administrative expenses	(30,000)	—
Loss on disposal of tangible assets	1,438	6,467
Impairment of trade debtors	<u>7,240</u>	<u>354</u>

J. & R. Group Limited
Notes to the Financial Statements *(continued)*
Year ended 31 March 2018

7. Auditor's remuneration

	2018	2017
	£	£
Fees payable for the audit of the financial statements	<u>12,650</u>	<u>16,800</u>
Fees payable to the company's auditor and its associates for other services: Other non-audit services	<u>11,383</u>	<u>11,572</u>

8. Staff costs

The average number of persons employed by the group during the year, including the directors, amounted to:

	2018	2017
	No.	No.
Catering staff	69	78
Administrative staff	2	2
Management staff	6	6
	<u>77</u>	<u>86</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2018	2017
	£	£
Wages and salaries	1,362,926	1,429,196
Social security costs	99,253	101,340
	<u>1,462,179</u>	<u>1,530,536</u>

The amount recognised in the profit and loss as an expense in relation to defined contribution plans was £15,787 (2017 - £2,338).

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions totalling £3,899 (2017 - £952) were payable to the scheme at the year end and are included in Other Creditors in Creditors: amounts falling due within one year.

9. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2018	2017
	£	£
Remuneration	62,460	30,340
Company contributions to defined contribution pension plans	442	53
	<u>62,902</u>	<u>30,393</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2018	2017
	No.	No.
Defined contribution plans	<u>2</u>	<u>2</u>

There is no distinction between directors and key management personnel.

J. & R. Group Limited
Notes to the Financial Statements *(continued)*
Year ended 31 March 2018

10. Interest payable and similar expenses

	2018	2017
	£	£
Interest on banks loans and overdrafts	83,745	88,673
Other interest payable and similar charges	4,786	3,425
	<u>88,531</u>	<u>92,098</u>

11. Tax on profit

Major components of tax expense

	2018	2017
	£	£
Current tax:		
UK current tax expense	67,140	27,326
Deferred tax:		
Origination and reversal of timing differences	26,759	12,207
Tax on profit	<u>93,899</u>	<u>39,533</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2017: higher than) the standard rate of corporation tax in the UK of 19% (2017: 20%).

	2018	2017
	£	£
Profit on ordinary activities before taxation	419,697	185,233
Profit on ordinary activities by rate of tax	69,419	37,046
Adjustment to tax charge in respect of prior periods	21,407	–
Effect of expenses not deductible for tax purposes	4,716	119
Effect of capital allowances and depreciation	(630)	2,368
Utilisation of tax losses	(1,013)	–
Tax on profit	<u>93,899</u>	<u>39,533</u>

12. Intangible assets

Group	Goodwill
	£
Cost	
At 1 April 2017 and 31 March 2018	<u>744,007</u>
Amortisation	
At 1 April 2017	620,257
Charge for the year	33,500
At 31 March 2018	<u>653,757</u>
Carrying amount	
At 31 March 2018	<u>90,250</u>
At 31 March 2017	<u>123,750</u>

J. & R. Group Limited
Notes to the Financial Statements *(continued)*
Year ended 31 March 2018

12. Intangible assets *(continued)*

Company	Goodwill £
Cost	
At 1 April 2017 and 31 March 2018	520,000
Amortisation	
At 1 April 2017	396,250
Charge for the year	33,500
At 31 March 2018	<u>429,750</u>
Carrying amount	
At 31 March 2018	<u>90,250</u>
At 31 March 2017	<u>123,750</u>

13. Tangible assets

Group	Freehold property £	Plant and machinery £	Fixtures and fittings £	Equipment £	Total £
Cost or valuation					
At 1 April 2017	4,628,547	113,409	706,686	104,037	5,552,679
Additions	253,239	–	35,781	7,641	296,661
Disposals	–	–	(539)	(8,035)	(8,574)
Revaluations	418,214	–	–	–	418,214
At 31 March 2018	<u>5,300,000</u>	<u>113,409</u>	<u>741,928</u>	<u>103,643</u>	<u>6,258,980</u>
Depreciation					
At 1 April 2017	–	22,732	478,535	56,881	558,148
Charge for the year	–	7,611	54,315	12,997	74,923
Disposals	–	–	(287)	(5,851)	(6,138)
At 31 March 2018	<u>–</u>	<u>30,343</u>	<u>532,563</u>	<u>64,027</u>	<u>626,933</u>
Carrying amount					
At 31 March 2018	<u>5,300,000</u>	<u>83,066</u>	<u>209,365</u>	<u>39,616</u>	<u>5,632,047</u>
At 31 March 2017	<u>4,628,547</u>	<u>90,677</u>	<u>228,151</u>	<u>47,156</u>	<u>4,994,531</u>

J. & R. Group Limited
Notes to the Financial Statements *(continued)*
Year ended 31 March 2018

13. Tangible assets *(continued)*

Company	Freehold property £	Fixtures and fittings £	Equipment £	Total £
Cost or valuation				
At 1 April 2017	4,628,547	452,302	39,706	5,120,555
Additions	253,239	–	–	253,239
Revaluations	418,214	–	–	418,214
At 31 March 2018	<u>5,300,000</u>	<u>452,302</u>	<u>39,706</u>	<u>5,792,008</u>
Depreciation				
At 1 April 2017	–	336,974	12,135	349,109
Charge for the year	–	17,300	6,893	24,193
At 31 March 2018	<u>–</u>	<u>354,274</u>	<u>19,028</u>	<u>373,302</u>
Carrying amount				
At 31 March 2018	<u>5,300,000</u>	<u>98,028</u>	<u>20,678</u>	<u>5,418,706</u>
At 31 March 2017	<u>4,628,547</u>	<u>115,328</u>	<u>27,571</u>	<u>4,771,446</u>

Included within the above is investment property as follows:

	Group £	Company £
At 1 April 2017	–	4,628,547
Additions	–	253,239
Fair value adjustments	–	418,214
At 31 March 2018	<u>–</u>	<u>5,300,000</u>

The company's investment property were revalued by Chartered Surveyors Graham and Sibbald. The valuation was based upon open market valuation and in accordance with the RICS appraisal and valuation standards, assuming vacant possession. The surplus arising on this valuation was credited to the revaluation reserve. The Directors believe that the valuation made is a fair representation of the market value of the investment property held at the year end.

Tangible assets held at valuation

Included in the carrying value above, are revalued properties held at value of £5,300,000.

J. & R. Group Limited
Notes to the Financial Statements *(continued)*
Year ended 31 March 2018

13. Tangible assets *(continued)*

In respect of tangible assets held at valuation, aggregate cost, depreciation and comparable carrying amount that would have been recognised if the assets had been carried under the historical cost model are as follows:

Group and company	Freehold property £
At 31 March 2018	
Aggregate cost	4,000,479
Aggregate depreciation	—
Carrying value	4,000,479
At 31 March 2017	
Aggregate cost	3,747,240
Aggregate depreciation	—
Carrying value	3,747,240

14. Investments

The group has no investments.

Company	Shares in group undertakings £
Cost	
At 1 April 2017	208,005
Disposals	(1)
At 31 March 2018	208,004
Impairment	
At 1 April 2017 and 31 March 2018	—
Carrying amount	
At 31 March 2018	208,004
At 31 March 2017	208,005

Subsidiaries, associates and other investments

Details of the investments in which the parent company has an interest of 20% or more are as follows:

	Class of share	Percentage of shares held
Subsidiary undertakings		
Mckays Hotel Bar and Restaurant Limited	Ordinary	100
The Boat of Garten Hotel Limited	Ordinary	100
Strathgarry Hotels & Leisure Ltd	Ordinary	100

J. & R. Group Limited
Notes to the Financial Statements *(continued)*
Year ended 31 March 2018

14. Investments *(continued)*

The results and capital and reserves for group undertakings not included in the consolidated financial statements are as follows:

	Capital and reserves		Profit/(loss) for the year	
	2018	2017	2018	2017
	£	£	£	£
Subsidiary undertakings				
Mckays Hotel Bar and Restaurant Limited	787,863	663,949	100,486	12,243
The Boat of Garten Hotel Limited	(148,834)	(156,400)	7,567	(34,762)
Strathgarry Hotels & Leisure Ltd	<u>(59,560)</u>	<u>(71,725)</u>	<u>12,165</u>	<u>(4,210)</u>

15. Stocks

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Raw materials and consumables	<u>50,060</u>	<u>41,813</u>	<u>—</u>	<u>2,762</u>

16. Debtors

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Trade debtors	100,904	19,741	78,159	9,773
Amounts owed by group undertakings	—	—	189,051	204,065
Prepayments and accrued income	28,851	32,622	2,930	7,133
Directors loan account	10,793	—	10,793	—
Other debtors	<u>212,806</u>	<u>124,168</u>	<u>162,890</u>	<u>88,056</u>
	<u>353,354</u>	<u>176,531</u>	<u>443,823</u>	<u>309,027</u>

17. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	2018	2017
	£	£
Cash at bank and in hand	43,878	3,981
Bank overdrafts	<u>(335,786)</u>	<u>(226,062)</u>
	<u>(291,908)</u>	<u>(222,081)</u>

J. & R. Group Limited
Notes to the Financial Statements *(continued)*
Year ended 31 March 2018

18. Creditors: amounts falling due within one year

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Bank loans and overdrafts	571,544	461,820	571,544	443,969
Trade creditors	214,687	193,371	16,981	8,920
Amounts owed to group undertakings	–	–	938,511	781,806
Amounts owed to undertakings in which the company has a participating interest	7,547	–	7,547	–
Accruals and deferred income	183,760	78,948	100,663	19,046
Corporation tax	67,140	27,326	36,234	27,326
Social security and other taxes	94,287	90,155	1,511	546
Director loan accounts	–	4,583	–	4,583
Other creditors	152,761	97,692	34,372	40,300
	<u>1,291,726</u>	<u>953,895</u>	<u>1,707,363</u>	<u>1,326,496</u>

Included within creditors: amounts falling due within one year, are secured creditors of £571,544 (2017: £461,720).

As security for all sums due by the group to it, Clydesdale Bank plc holds standard securities over certain of the company's investment property as well as a bond and floating charge over all the assets and undertaking of all group companies.

19. Creditors: amounts falling due after more than one year

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Bank loans and overdrafts	2,564,003	2,799,761	2,564,003	2,799,761
Other creditors	45,291	59,152	–	–
	<u>2,609,294</u>	<u>2,858,913</u>	<u>2,564,003</u>	<u>2,799,761</u>

Included within creditors: amounts falling due after more than one year, are secured creditors of £2,564,003 (2017: £2,779,761).

The bank loans are repayable in instalments and are expected to be repaid by September 2021.

20. Provisions

Group	Deferred tax (note 21) £
At 1 April 2017	99,598
Charge against provision	46,595
At 31 March 2018	<u>146,193</u>
Company	Deferred tax (note 21) £
At 1 April 2017	88,340
Charge against provision	26,700
At 31 March 2018	<u>115,040</u>

J. & R. Group Limited
Notes to the Financial Statements *(continued)*
Year ended 31 March 2018

21. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Included in provisions (note 20)	<u>146,193</u>	<u>99,598</u>	<u>115,040</u>	<u>88,340</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Accelerated capital allowances	48,793	22,035	17,640	10,777
Revaluation of tangible assets	<u>97,400</u>	<u>77,563</u>	<u>97,400</u>	<u>77,563</u>
	<u>146,193</u>	<u>99,598</u>	<u>115,040</u>	<u>88,340</u>

22. Financial instruments

The carrying amount for each category of financial instrument is as follows:

Financial liabilities measured at amortised cost

	Group	
	2018	2017
	£	£
Financial liabilities measured at amortised cost	<u>3,135,547</u>	<u>3,261,591</u>

23. Called up share capital

Issued, called up and fully paid

	2018		2017	
	No.	£	No.	£
Ordinary shares of £1 each	<u>16</u>	<u>16.00</u>	<u>16</u>	<u>16.00</u>

24. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

Revaluation reserve - This reserve records the value of asset revaluations and fair value movements on assets recognised in other comprehensive income, net of any tax that may be due on the sale of such revalued assets, and is not distributable.

25. Directors' advances, credits and guarantees

At the year end, following repayments, the company was due to receive £10,793 to (2017 - due to repay £4,584) the directors. This balance is disclosed in the above note Debtors: amounts falling due within one year.

J. & R. Group Limited
Notes to the Financial Statements *(continued)*
Year ended 31 March 2018

26. Related party transactions

Company

The company was under the control of the directors throughout the current and previous year.

During the year, the company provided goods and service, to companies associated through common ownership and control by one or more of the directors, amounting to £27,101 on commercial terms. At the year end, the company was due to receive £154,952 (2017 - due to pay £3,085) to associated companies. There are no set repayment terms and no interest is accruing.

Group

During the year, the group provided goods and services, to companies associated through common ownership and control by one or more of the directors, amounting to £27,989 (2017 - £5,896) and received goods and services amounting to £25,124 (2017 - £538). At the year end, the group was due to receive £157,453 (2017 - £65,446) from associated companies. There are no set repayment terms and no interest is accruing.