SC356499

Grant Thornton

Financial Statements
Etchecan Limited

For the Period Ended 31 January 2016

Registered number: SC235178

Etchecan Limited
Registered number:SC235178

Company Information

Directors	J A Brown A Higgins W Paisley B Hutchison (resigned 30 November 2015) S F Valentine R Brown F W Paton C J Paton (appointed 23 May 2016)
Registered number	SC235178
Registered office	c/o Brodies LLP 15 Atholl Crescent Edinburgh EH3 8HA
Independent statutory auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 7 Exchange Crescent Edinburgh EH3 8AN
Bankers	Bank of Scotland 3-5 Albyn Place Aberdeen AB10 1PY
	Allied Irish Bank (GB) 19 Charlotte Square Edinburgh EH2 4DE
Legal advisors	Brodies LLP 15 Atholl Crescent Edinburgh EH3 8HA

Etchecan Limited
Registered number:SC235178

Contents

Etchecan Limited
Registered number:SC235178

Group Strategic Report

For the Period Ended 31 January 2016

Introduction

The principal activity of the Group during the period was that of hoteliers and the provision of strategic and operational management services.

Business review

Financial overview

Group turnover for the period to 31 January 2016 amounted to £16.0m, a decrease of £0.4m or 2.5% on the prior period figure of £16.4m. Profit before tax was £2.7m, a decrease of £0.6m, or 17.8% against the prior period figure of £3.3m. As anticipated, the performance fell short of the prior period, however profit before tax was around 23% ahead of budget expectations. Accordingly this is viewed positively by the board and builds upon the performances delivered in previous periods.

The directors continue to be delighted with the trading performance and asset improvement programme delivered during the period and are of the opinion that the Group is well positioned to continue to trade successfully, maintaining market share, within its target operational areas.

Financial performance

Financial performance during the period can be analysed as follows:

	Period from 26 January 2015 to 31 January 2016	Period from 27 January 2014 to 25 January 2015	Change
	£'000	£'000	%
Turnover	**16,020**	16,423	(2.5)
Gross Profit	**14,543**	14,923	(2.5)
Profit before tax	**2,750**	3,345	(17.8)

Strategy

The Group strategy during the period continues to be that of positioning its hotels and associated facilities as those of choice for the business and leisure guest. This strategy is underpinned by the continual reinvestment in the group's property portfolio together with significant resources devoted to IT, e commerce and distribution together with staff training and development. This is critical in markets where the consumer has a choice and by focusing on these key elements the Group should ensure that it is well placed to maintain its market position.

Turnover

Sales of £16.0m were achieved. Given the challenging nature of some of the local markets in which the Group operates this is an excellent performance. In comparison to the prior period a shortfall of 2.5% arises however this marginal decrease is viewed positively by the board given the non-recurring nature of events such as The Commonwealth Games and Ryder Cup that enhanced the result in the prior period.

Gross profit

Gross margins achieved equated to 90.8% in line with the prior period and ahead of budget expectations. This is considered more than acceptable and demonstrates the effectiveness of maintaining close working, commercially focused relationships with major suppliers to the group. The forward view remains relatively positive with continued effort being focused on the supply chain to ensure maximum efficiencies. Inflationary pressures on global commodity purchases may have a limited adverse impact.

Group Strategic Report (continued)

For the Period Ended 31 January 2016

Operating costs

An increase of £0.2m is driven in part by an extra week's trading expenses, with 53 weeks compared to 52 weeks in the prior period, offset in part by a turnover related reduction. General upward pressures on payroll, and commissions to attract business via third party providers, have also contributed. Despite this, costs have been controlled judiciously where we have the ability to exert direct influence. Focus continues to be placed on controlling the overhead base of the Group through supply chain management and operational efficiency measures.

Capital expenditure

The Group continues to embark upon a sustained programme of asset management and improvement by ensuring adequate sums are available to refurbish and maintain the hotel properties to a high level to promote guest satisfaction and efficiency of operation. Levels of investment vary from year to year as determined by a rolling asset management programme. In line with that programme, and the needs of our individual businesses, hotel refurbishment during the period amounted to £0.6 million. This brings the total investment in properties to around £9.8 million over the past 12 years.

Principal risks and uncertainties

The management of the Group and nature of the Group's activities are subject to a number of risks. The directors are of the opinion that a thorough risk management process is adopted which involves the formal review of all of the risks identified below. Where possible, processes are in place to monitor and mitigate such risks. The directors have set out below the principal risks facing the business.

Economic downturn

The success of the business is in part dependent upon business and consumer spending. A marked reduction in such spending will impact on Group income, however minor fluctuations will have little effect. In response to this risk, senior management review general economic conditions together with the micro economic conditions prevalent in each of its trading locations. Should severe downturns be predicted or occur, marketing and pricing strategies would be modified to reflect the new market conditions. Importantly, operational efficiency of the business units is also continually monitored and challenged to ensure that best value is extracted from all areas.

Costs

Energy continues to be a significant cost item to the group and as a major consumer the Group has continued to adopt a prudent approach to mitigate risk and has in place fixed price contracts for the supply of electricity and gas. Other costs are continually monitored and where possible subject to fixed term contractual pricing agreements. Recognising the potential to drive consumption efficiencies and reduce any impact on the environment, the Group continually reviews its heating, lighting and ventilation installations in conjunction with professional advisors and environmental agencies to ensure that maximum efficiency is obtained.

Competition

Local competition exists in each of the Group's geographical markets. As a result pressure may be applied to pricing and/or the level of service provided to customers. Diligent and continuous market research of prices, offerings and forthcoming events is in place to ensure this risk is minimised.

Product

Due to the market in which the Group operates the quality of offering to the guest is of prime importance. Accordingly should any of the guest areas fall into a state of disrepair there is a risk of losing business. To mitigate this risk the directors and senior management operate an asset management programme to ensure each property is maintained to a high level to maximise guest satisfaction and operational efficiency.

Group Strategic Report (continued)
For the Period Ended 31 January 2016

Financing
Banking facilities continue to remain on favourable terms. No additional facilities have been sought during the period. The scheduled capital repayment programme on a portion of the Group's term debt continues in line with the terms of the facility. An appropriate mix of fixed and variable rate facilities are utilised to ensure that the impact of rate fluctuations on the business are minimised. Fixed rate products remain constantly under review, with interest rate swaps contracted at rates below those currently hedged. These swaps are set to expire in line with the primary term facilities of the Group.

Financial key performance indicators

	Period from 26 January 2015 to 31 January 2016	Period from 27 January 2014 to 25 January 2015
Sales growth (%)	**(2.5)**	5.9
Gross profit margin (%)	**90.8**	90.8
Operating profit (%)	**21.8**	24.8
Capital expenditure, inc. acquisitions (£000)	**587**	634

This report was approved by the board on 30 June 2016 and signed on its behalf.

A. Higgins
Director

Directors' Report
For the Period Ended 31 January 2016

The directors present their report and the financial statements for the period ended 31 January 2016.

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the directors must not approve the financial statements unless 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 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.

Results and dividends

The profit for the period, after taxation and minority interests, amounted to £2,164k (2015 -£2,675k).

Particulars of dividends are detailed in note 12 to the financial statements.

Going concern

The group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Business review section of the Group Strategic Report on pages 1 to 3.

In addition the Directors' Report includes the group's financial risk management objectives and policies. These cover the principal areas of perceived risk including: financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit and liquidity risk.

Group trading forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group should continue to generate positive cash flows for the foreseeable future. Current and projected results suggest that no net overdraft borrowing will be required on a group basis.

The group has considerable financial resources, well structured term facilities, and trading assets located across different geographic areas. As a consequence, the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

Directors' Report
For the Period Ended 31 January 2016

The directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Financial risk management objectives and policies

The group is funded by financial instruments including loans, cash and operational items, such as trade debtors and trade creditors which have inherent financial risk. The Board prudently manages these financial risks in the manner shown below. All transactions in derivatives are undertaken to manage the risks arising from underlying business activities and no transactions of a speculative nature are undertaken.

Financial risk
Financial risk encompasses currency risk, price risk, liquidity risk, insurance risk and interest rate risk. The group's policies for managing the fair value interest rate risk are considered along with those for managing cash flow interest rate risk and are set out in the subsection entitled "interest rate risk" below.

Interest rate risk
The interest rate risk is mitigated by having in place an interest rate swap of £5 million, which is shown within fixed, as the swap pays a fixed rate. Interest rate risk is also mitigated by having a ladder swap arrangement in place for £5.3 million, again shown as fixed as current rates are below the current charge rate on the instrument. The interest rate exposure of the financial assets and liabilities of the group at 31 January 2016 is shown in the table below. The table includes trade debtors and trade creditors as these do not attract interest and are therefore subject to fair value interest rate risk.

	Fixed £'000	Floating £'000	Zero £'000	**Total £'000**
Financial Assets				
Cash	-	2,794	-	**2,794**
Trade Debtors	-	-	556	**556**
	-	2,794	556	**3,350**
Financial Liabilities				
Bank loans	10,306	13,842	-	**24,148**
Trade Creditors	-	-	399	**399**
	10,306	13,842	399	**24,547**

Insurance risk
The directors put in place appropriate insurance policies in the following areas: property, employer and public liability, consequential loss and director and officer cover. Annual reviews are undertaken to ensure that cover is maintained and in appropriate areas and at levels sufficient to protect the business.

Liquidity risk
The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Short term flexibility is achieved by significant cash balances and overdraft facilities as required within subsidiary companies.

Currency risk
The group is not exposed to currency risk as all transactions and balances are denominated in sterling.

Directors' Report
For the Period Ended 31 January 2016

Price risk
The group is not exposed to price risk as it does not hold any financial instruments subject to pricing by third parties.

Credit risk
The group's principal financial assets are cash and trade debtors. The principal credit risk therefore arises from trade debtors. In order to manage credit risk the directors set limits for customers based on references from an independent credit reference agency. Credit limits are reviewed by the group financial controller on a regular basis in conjunction with debt ageing and collection history.

Directors

The directors who served during the period and their interests in the Group's issued share capital were:

	Called-up equity share capital shares of £1 each	
	31/1/16	26/1/15
J A Brown	**200**	200
A Higgins	-	-
W Paisley	-	-
B Hutchison (resigned 30 November 2015)	-	-
S F Valentine	-	-
R Brown	-	-
F W Paton	-	-

Donations

During the period the Group made charitable donations of £32,000 (2015: £34,000).

Fixed assets

In line with independent valuations, the directors are of the opinion that the market value of the portfolio of assets continues to be in excess of the carrying value in the financial statements. These valuations have not been incorporated within the financial statements.

Future developments

The directors continue to review the competition and seek opportunities for growth within the current estate together with existing and new geographical markets within the UK. They believe that through continual strategic investment in both properties and staff through training and development that a competitive edge will be maintained.

As always there are varying views on the general economy, and in particular the oil related downturn in Aberdeen where one of the group assets is located. It is the directors' belief that, whilst challenging, credible results should be delivered in the coming year through a determined and professional approach to group sales, marketing and yield management activities, all underpinned by an integrated IT platform. The anticipated impact of cost inflation will again be minimised by continuing efforts to maximise usage efficiencies and drive purchasing synergies across the group by working closely in partnership with key suppliers to ensure best value is obtained.

Directors' Report
For the Period Ended 31 January 2016

Employee Involvement

During the period, regular meetings were held between local management and employees to allow a free flow of information and ideas.

Disabled employees

The group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Post balance sheet events

There have been no significant events affecting the Group since the period end.

Auditors

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

A Higgins
Director

Date: 30 June 2016

Grant Thornton

Independent auditor's report to the shareholders of Etchecan Limited

We have audited the financial statements of Etchecan Limited for the period ended 31 January 2016, which comprise the consolidated Statement of comprehensive income, the consolidated and company Balance sheets, the consolidated Statement of cash flows, the consolidated and company Statement of changes in equity, and the related notes. 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'.

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.

Respective responsibilities of Directors and Auditor

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statement

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 January 2016 and of the Group's profit for the period 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Group strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Grant Thornton

Independent auditor's report to the shareholders of Etchecan Limited

Matters on which we are required to report by exception

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

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

Diana Penny (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
7 Exchange Crescent
Edinburgh
EH3 8AN

30 June 2016

Consolidated Statement of Comprehensive Income

For the Period Ended 31 January 2016

	Note	2016 £000	2015 £000
Turnover	4	**16,020**	16,423
Cost of sales		**(1,477)**	(1,500)
Gross profit		**14,543**	14,923
Administrative expenses		**(11,296)**	(11,059)
Fair value movements		**240**	212
Operating profit	5	**3,487**	4,076
Interest receivable and similar income	9	**7**	17
Interest payable and expenses	10	**(744)**	(748)
Profit before taxation		**2,750**	3,345
Tax on profit	11	**(586)**	(670)
Profit for the period		**2,164**	2,675
Fair value movements on financial instruments		**(88)**	(996)
Deferred tax on fair value movements		**18**	199
Other comprehensive income for the period		**(70)**	(797)
Total comprehensive income for the period		**2,094**	1,878
Profit for the period attributable to:			
Non-controlling interests		**65**	55
Owners of the parent Company		**2,099**	2,620
		2,164	2,675
Total comprehensive income attributable to:			
Non-controlling interest		**59**	55
Owners of the parent Company		**2,035**	1,823
		2,094	1,878

The notes on pages 19 to 42 form part of these financial statements.

Etchecan Limited
Registered number:SC235178

Consolidated Balance Sheet

As at 31 January 2016

	Note	31 January	2016 £000		25 January 2015 £000
Fixed assets					
Goodwill			**164**		183
Negative goodwill			**(391)**		(403)
Tangible assets	14		**26,547**		27,119
			26,320		26,899
Current assets					
Stocks	16	**65**		61	
Debtors: amounts falling due within one year	17	**868**		1,140	
Cash at bank and in hand	18	**2,794**		5,585	
		3,727		6,786	
Creditors: amounts falling due within one year	19	**(2,895)**		(3,797)	
Net current assets			**832**		2,989
Total assets less current liabilities			**27,152**		29,888
Creditors: amounts falling due after more than one year	20		**(24,732)**		(25,351)
Provisions for liabilities					
Deferred taxation		**(413)**		(389)	
			(413)		(389)
Net assets			**2,007**		4,148

Consolidated Balance Sheet (continued)

As at 31 January 2016

	Note	31 January 2016 £000	25 January 2015 £000
Capital and reserves			
Called up share capital	27	**1**	1
Revaluation reserve	26	**107**	107
Capital redemption reserve	26	**320**	320
Cash flow hedges	26	**(758)**	(688)
Profit and loss account	26	**2,248**	4,368
Equity attributable to owners of the parent Company		**1,918**	4,108
Non-controlling interests		**89**	40
		2,007	4,148

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 June 2016.

W Paisley
Director

The notes on pages 19 to 42 form part of these financial statements.

Etchecan Limited
Registered number:SC235178

Company Balance Sheet
As at 31 January 2016

	Note	31 January	2016 £000		25 January 2015 £000
Fixed assets					
Investments	15		**4,031**		3,975
			4,031		3,975
Creditors: amounts falling due within one year	19	**(4,030)**		(3,974)	
Net current assets			**(4,030)**		(3,974)
Total assets less current liabilities			**1**		1
Net assets			**1**		1
Capital and reserves					
Called up share capital	27		**1**		1
			1		1

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 June 2016.

W Paisley
Director
The notes on pages 19 to 42 form part of these financial statements.

Consolidated Statement of Changes in Equity
As at 31 January 2016

	Share capital	Capital redemption reserve	Revaluation reserve	Cash flow hedges	Retained earnings	Equity attributable to owners of parent Company	Non-controlling interests	Total equity
	£000	£000	£000	£000	£000	£000	£000	£000
At 26 January 2015	1	320	107	(688)	4,368	4,108	40	4,148
Comprehensive income for the period								
Profit for the period	-	-	-	-	2,105	2,105	49	2,154
Taxation in respect of items of other comprehensive income	-	-	-	18	-	18	-	18
Fair value movement on financial instruments	-	-	-	(88)	-	(88)	-	(88)
Other comprehensive income for the period	-	-	-	(70)	-	(70)	-	(70)
Total comprehensive income for the period	-	-	-	(70)	2,105	2,035	49	2,084
Contributions by and distributions to owners								
Dividends: Equity capital	-	-	-	-	(4,225)	(4,225)	-	(4,225)
Total transactions with owners	-	-	-	-	(4,225)	(4,225)	-	(4,225)
At 31 January 2016	1	320	107	(758)	2,248	1,918	89	2,007

The notes on pages 19 to 42 form part of these financial statements.

Consolidated Statement of Changes in Equity

As at 25 January 2015

	Share capital	Capital redemption reserve	Revaluation reserve	Cash flow hedges	Retained earnings	Equity attributable to owners of parent Company	Non-controlling interests	Total equity
	£000	£000	£000	£000	£000	£000	£000	£000
At 27 January 2014	1	320	107	109	3,353	3,890	(15)	3,875
Comprehensive income for the period								
Profit for the period	-	-	-	-	2,620	2,620	55	2,675
Taxation in respect of items of other comprehensive income	-	-	-	199	-	199	-	199
Fair value movement on financial instruments	-	-	-	(996)	-	(996)	-	(996)
Other comprehensive income for the period	-	-	-	(797)	-	(797)	-	(797)
Total comprehensive income for the period	-	-	-	(797)	2,620	1,823	55	1,878
Contributions by and distributions to owners								
Dividends: Equity capital	-	-	-	-	(1,605)	(1,605)	-	(1,605)
Total transactions with owners	-	-	-	-	(1,605)	(1,605)	-	(1,605)
At 25 January 2015	1	320	107	(688)	4,368	4,108	40	4,148

Etchecan Limited
Registered number:SC235178

Consolidated Statement of Changes in Equity (continued)

As at 25 January 2015

The notes on pages 19 to 42 form part of these financial statements.

Company Statement of Changes in Equity

For the Period Ended 31 January 2016

	Share capital	Retained earnings	Total equity
	£000	£000	£000
At 26 January 2015	1	-	1
Comprehensive income for the period			
Profit for the period	-	4,225	4,225
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	4,225	4,225
Contributions by and distributions to owners			
Dividends: Equity capital	-	(4,225)	(4,225)
Total transactions with owners	-	(4,225)	(4,225)
At 31 January 2016	1	-	1

The notes on pages 19 to 42 form part of these financial statements.

Company Statement of Changes in Equity
For the Period Ended 25 January 2015

	Share capital	Retained earnings	Total equity
	£000	£000	£000
At 27 January 2014	1	-	1
Comprehensive income for the period			
Profit for the period	-	1,605	1,605
Total comprehensive income for the period	-	1,605	1,605
Contributions by and distributions to owners			
Dividends: Equity capital	-	(1,605)	(1,605)
Total transactions with owners	-	(1,605)	(1,605)
At 25 January 2015	1	-	1

The notes on pages 19 to 42 form part of these financial statements.

Consolidated Statement of Cash Flows

For the Period Ended 31 January 2016

	31 January 2016 £000	25 January 2015 £000
Cash flows from operating activities		
Profit for the financial period	**2,164**	2,675
Adjustments for:		
Amortisation of intangible assets	**7**	10
Depreciation of tangible assets	**1,203**	1,124
Loss on disposal of tangible assets	**13**	68
Increase in stocks	**(4)**	(7)
Interest paid	**744**	748
Interest received	**(7)**	(17)
Taxation charged	**586**	670
Increase in debtors	**272**	79
Increase in creditors	**(799)**	(92)
Net fair value losses/gains recognised in P&L	**(240)**	(212)
Corporation tax paid	**(733)**	(667)
Net cash generated from operating activities	**3,206**	4,379
Cash flows from investing activities		
Purchase of tangible fixed assets	**(643)**	(634)
Interest received	**7**	17
Net cash from investing activities	**(636)**	(617)
Cash flows from financing activities		
Repayment of loans	**(382)**	(376)
Dividends paid	**(4,225)**	(1,605)
Interest paid	**(744)**	(748)
Dividends paid to non controlling interests	**(10)**	-
Net cash used in financing activities	**(5,361)**	(2,729)
Net increase / (decrease) in cash and cash equivalents	**(2,791)**	1,033
Cash and cash equivalents at beginning of period	**5,585**	4,552
Cash and cash equivalents at the end of period	**2,794**	5,585
Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand	**2,794**	5,585
	2,794	5,585

The notes on pages 19 to 42 form part of these financial statements.

Notes to the Financial Statements
For the Period Ended 31 January 2016

1. Company information

Etchecan Limited is a private limited company incorporated and domiciled in Scotland, where its principal activities of hotel ownership and operation together with the provision of operational and strategic management services to the hotel sector are based.

The company's registered office is detailed on the Company information page at the beginning of these financial statements.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 34.

The accounts are presented in GBP. The company presents the financial statements in round thousands.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

2.2 Basis of consolidation

The consolidated financial statements present the results of Group and its own subsidiaries ("the Group") as they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the Group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 27 January 2014.

Notes to the Financial Statements

For the Period Ended 31 January 2016

2. Accounting policies (continued)

2.3 Turnover

Turnover is derived from two principal sources: owned and leased properties and management fees. Turnover from owned and leased properties arises from the provision of accommodation, food and beverage sales, corporate and private events, leisure club memberships, room hire and associated services.

Turnover from management fees arises from the provision of management services to hotels managed by the Group under long term contracts. Revenue is recognised when earned and realisable under the terms of the contract.

Revenue is recognised when the respective service has been fully provided.

2.4 Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the business review section of the Group Strategic Report on pages 1-3.

In addition the report includes the Group's financial risk management objectives and policies. These cover the principal areas of perceived risk including: financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit and liquidity risk.
Group trading forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should continue to generate positive cash flows for the foreseeable future. Current and projected results suggest that no net overdraft borrowing will be required on a Group basis.

The Group has considerable financial resources, well structured term facilities, and trading assets located across different geographic areas. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully.

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2.5 Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Profit and loss account over its useful economic life.

The estimated useful lives range as follows:

Goodwill	-	5% straight line
Negative goodwill	-	2% straight line

2. Accounting policies (continued)

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

The estimated useful lives range as follows:

Freehold property	-	freehold land and core buildings are not depreciated; non-core buildings 2% straight line per annum
Long-term Leasehold property	-	over the term of the lease
Plant & machinery	-	10% straight line per annum
Fixtures & fittings	-	10 - 25% straight line per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Consolidated statement of comprehensive income.

2.7 Operating leases: Lessee

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

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 Stocks

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

Notes to the Financial Statements
For the Period Ended 31 January 2016

2. Accounting policies (continued)

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Notes to the Financial Statements

For the Period Ended 31 January 2016

2. Accounting policies (continued)

2.12 Financial instruments

The Group enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities such as trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, such as the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has entered into interest rate swaps which are being designated as non-basic financial instruments. These derivative instruments are valued at fair value at the balance sheet date. If the derivative has been designated as a hedging instrument, hedge accounting has been applied. Where hedge accounting has not been applied the derivative instrument has been valued at fair value with any changes in the fair value of the instrument being recognised in the statement of comprehensive income for the period.

Notes to the Financial Statements
For the Period Ended 31 January 2016

2. Accounting policies (continued)

2.13 Pensions

The Group operates defined contribution pension schemes and the pension charge represents the amounts payable by the Group to the funds in respect of the period.

2.14 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, and are measured subsequently at amortised cost using the effective interest method.

2.15 Hedge accounting

The Group has entered into variable to fixed rate interest swaps to manage its exposure to interest rate cash flow risk on its variable rate debt. These derivatives are measured at fair value at each balance sheet date. To the extent the hedge is effective, movements in fair value are recognised in other comprehensive income and presented in a separate cash flow hedge reserve. Any ineffective portions of those movements are recognised in profit or loss for the period.

2.16 Finance costs

Finance costs are charged to the Profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

2.17 Dividends

Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders.

2.18 Leased assets: Lessee

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

2.19 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance sheet date.

Notes to the Financial Statements
For the Period Ended 31 January 2016

2. Accounting policies (continued)

2.20 Interest income

Interest income is recognised in the Profit and loss account using the effective interest method.

2.21 Provisions for Liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Profit and loss account in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2.22 Current and deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

Current tax is provided at amounts expected to be paid (or recovered) using the tax rate enacted or substantially enacted at the balance sheet date.

Notes to the Financial Statements
For the Period Ended 31 January 2016

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty
The carrying amounts of the vast majority of assets and liabilities are factual or can be supported by information available from other sources. The directors conclude therefore that a very low level of risk due to estimation uncertainty exists. The directors feel it prudent however to detail below the one area where the potential for an adjustment to a future financial period may arise.

Useful economic lives of property, plant and equipment
The annual depreciation charge for property, plant and equipment will vary in line with changes to the estimates of useful economic lives and where appropriate residual values of the assets. The useful economic lives and residual values are assessed at each balance sheet date. They are amended when necessary to reflect current estimates, based on technological advancement, future investment plans, economic utilisation and the physical condition of the assets.

Financial instruments
Certain subsidiary companies utilise variable to fixed rate interest swaps in the management of interest rate risk as detailed in note 2.15 to these accounts. The directors have fully reviewed the documented terms of these instruments and the related hedged items and have concluded that hedge accounting should apply. The effectiveness of these hedge will be continually monitored and hedge accounting discontinued should a hedge cease to be effective.

4. Analysis of turnover

An analysis of turnover by class of business is as follows:

	2016 £000	2015 £000
United Kingdom	**16,020**	16,423
	16,020	16,423

All turnover relates to one class of business.

Notes to the Financial Statements

For the Period Ended 31 January 2016

5. Operating profit

The operating profit is stated after charging:

	2016 **£000**	2015 £000
Depreciation of tangible fixed assets	**1,203**	1,124
Amortisation of intangible assets, including goodwill	**7**	10
Defined contribution pension cost	**78**	70

6. Auditor's remuneration

	2016 **£000**	2015 £000
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	**27**	21
	27	21

Fees payable to the Group's auditor and its associates in respect of:

Fees payable to the group's auditor in respect of other accounting services	**5**	5
	5	5

7. Employees

Staff costs were as follows:

	2016 **£000**	2015 £000
Wages and salaries	**4,867**	4,828
Social security costs	**350**	344
Cost of defined contribution scheme	**78**	70
	5,295	5,242

The average monthly number of employees, including the directors, during the period was as follows:

	2016 **No.**	2015 No.
Number of corporate office staff	**14**	12
Number of hotel staff and management	**273**	289
	287	301

Notes to the Financial Statements
For the Period Ended 31 January 2016

8. Directors' remuneration

	2016 £000	2015 £000
Directors' emoluments	477	498
Company contributions to defined contribution pension schemes	11	48
	488	546

During the period amounts were paid to 4 directors (2015 -4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £168k (2015 -£142).

9. Interest receivable

	2016 £000	2015 £000
Other interest receivable	7	17
	7	17

10. Interest payable and similar charges

	2016 £000	2015 £000
Bank interest payable	744	748
	744	748

11. Taxation

	2016 £000	2015 £000
Corporation tax		
Current tax on profits for the period	544	693
Total current tax	544	693
Deferred tax		
Origination and reversal of timing differences	42	(23)
Total deferred tax	42	(23)
Taxation on profit on ordinary activities	586	670

11. Taxation (continued)

Factors affecting tax charge for the period

The tax assessed for the period is higher than (2015 -higher than) the standard rate of corporation tax in the UK of 20.18% (2015 -21.35%). The differences are explained below:

	2016 £000	2015 £000
Profit on ordinary activities before tax	**2,694**	3,345
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.18% (2015 - 21.35 %)	**543**	675
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**19**	1
Differences in tax rates	**1**	6
Non-qualifying depreciation	**23**	24
Prior year unrecognised deferred tax	**-**	(36)
Total tax charge for the period	**586**	670

The aggregate current and deferred tax relating to items that are recognised as items of other comprehensive income is £(18)k (2015: £(199)k).

Factors that may affect future tax charges

The rate of UK corporation tax will decrease to 19% for years starting 1 April 2017, 2018 and 2019 and reduce further to 18% from 1 April 2020. At the Budget 2016, the government announced a further reduction to the Corporation Tax rate for the year starting 1 April 2020, reducing the rate from 18% to 17%.

12. Dividends

	31 January 2016 £000	25 January 2015 £000
Ordinary shares	**4,225**	1,605
	4,225	1,605

Notes to the Financial Statements

For the Period Ended 31 January 2016

13. Intangible assets

Group

	Positive goodwill £000	Negative goodwill £000	Total £000
Cost			
At 26 January 2015	375	(467)	(92)
At 31 January 2016	375	(467)	(92)
Amortisation			
At 26 January 2015	192	(64)	128
Charge for the period	19	(12)	7
At 31 January 2016	211	(76)	135
Net book value			
At 31 January 2016	164	(391)	(227)
At 25 January 2015	183	(403)	(220)

Negative goodwill is in respect of the past purchase of minority interests in Hotel Property Fund (Syndicate 1) Limited. It is being amortised over 50 years, in line with the significant underlying assets of the subsidiary.

14. Tangible fixed assets

Group

	Freehold property	Long-term Leasehold property	Plant & machinery	Fixtures & fittings	Total
	£000	£000	£000	£000	£000
Cost or valuation					
At 26 January 2015	15,908	4,872	950	13,397	35,127
Additions	56	-	-	587	643
Disposals	-	-	-	(408)	(408)
At 31 January 2016	15,964	4,872	950	13,576	35,362
Depreciation					
At 26 January 2015	377	890	915	5,825	8,007
Charge owned for the period	47	66	12	1,078	1,203
Disposals	-	-	-	(395)	(395)
At 31 January 2016	424	956	927	6,508	8,815
At 31 January 2016	15,540	3,916	23	7,068	26,547
At 25 January 2015	15,531	3,982	35	7,571	27,119

Included within the net book value of £26 million is interest incurred during the purchase and refurbishment of properties amounting to £106k (2015: £106k).

In line with independent valuations carried out between 2010 and 2013, the market value of the portfolio of assets continues to be materially in excess of the carrying value in the financial statements.

Notes to the Financial Statements

For the Period Ended 31 January 2016

15. Fixed asset investments

Company

	Investments in subsidiary companies £000
Cost or valuation	
At 26 January 2015	3,975
Additions	56
At 31 January 2016	4,031
Net book value	
At 31 January 2016	4,031
At 25 January 2015	3,975

16. Stocks

	Group 31 January 2016 £000	Group 25 January 2015 £000	**Company 31 January 2016 £000**	Company 25 January 2015 £000
Goods for resale	**65**	61	**-**	-
	65	61	**-**	-

The value of goods purchased for resale and recognised in cost of sales during the period as an expense was £1,318k (2015: £1,333k).

17. Debtors

	Group 31 January 2016 £000	Group 25 January 2015 £000	**Company 31 January 2016 £000**	Company 25 January 2015 £000
Trade debtors	**556**	801	**-**	-
Other debtors	**15**	28	**-**	-
Prepayments and accrued income	**297**	311	**-**	-
	868	1,140	**-**	-

18. Cash and cash equivalents

	Group 31 January 2016 £000	Group 25 January 2015 £000	Company 31 January 2016 £000	Company 25 January 2015 £000
Cash at bank and in hand	2,794	5,585	-	-
	2,794	5,585	-	-

19. Creditors: Amounts falling due within one year

	Group 31 January 2016 £000	Group 25 January 2015 £000	Company 31 January 2016 £000	Company 25 January 2015 £000
Bank loans	391	384	-	-
Trade creditors	399	534	-	-
Amounts owed to group undertakings	-	-	4,030	3,974
Corporation tax	288	474	-	-
Taxation and social security	153	442	-	-
Other creditors	754	1,103	-	-
Accruals and deferred income	834	860	-	-
Financial instruments	76	-	-	-
	2,895	3,797	4,030	3,974

20. Creditors: Amounts falling due after more than one year

	Group 31 January 2016 £000	Group 25 January 2015 £000	**Company 31 January 2016 £000**	Company 25 January 2015 £000
Bank loans	**23,757**	24,146	-	-
Financial instruments (after 1 yr)	**975**	1,205	-	-
	24,732	25,351	-	-

Hotel Property Fund (Syndicate 1) Limited, Hotel Property Fund (Syndicate 2) Limited, Speedbird Developments Limited and Huntingtower Hotel (Perth) Limited have granted a bond and floating charge over their assets in favour of the Bank of Scotland. These companies have also granted a standard security over their property to secure the borrowings of these fellow subsidiaries.

Lauriston Hotels Limited has granted a standard security in favour of the Allied Irish Bank (GB) over its freehold property and a bond and floating charge over the whole assets of that company.

The principal terms of the bank loans can be summarised as follows:

The group's primary facilities provided by Bank of Scotland amounting to £22.1m (2015: £22.3m), which mature during December 2021, bear interest at an overall rate of base rate plus 1%. In addition, interest swap and ladder swap arrangements were put in place to protect against interest rate movements on £10.3m (2015: £10.8m) of term debt. Capital repayments during the period amounted to £260k (2015: £256k).

Allied Irish Bank (GB) provide term facilities amounting to £2.1m to Lauriston Hotels Limited, which mature during March 2019, and bear an interest rate of 3m LIBOR plus 2.8%. Capital repayments during the period amounted to £123k (2015: £120k).

One of the Group's subsidiaries, Hotel Property Fund (Syndicate 1) Limited has an interest rate swap agreement with a fixed rate of 2.14% in place to protect against rate movements on £5m of term debt. The interest swap agreement has been fair valued at £(368)k at 31 January 2016 (2015: £(379)k). The balance sheet value of this instrument is £(368)k (2015: £(379)k). This instrument has been designated as a hedging instrument in a cash flow hedge.

Another subsidiary, Hotel Property Fund (Syndicate 2) Limited has, at the period end, a ladder swap arrangement on one of its loans which was put in place to protect against rate movements on £5.3m of debt. This had been fair valued at £(76)k at 31 January 2016 (2015: £(317)k). The balance sheet value of this instrument is £(76)k (2015: £(317)k). The movements in the fair value have been recognised in the Statement of Comprehensive income for the period. The arrangement expires in May 2016. The same company entered into an interest swap agreement, which will commence in June 2016. The interest swap agreement has been fair valued at £(607)k at 31 January 2016 (2015: £(509)k). The balance sheet value of this instrument is £(607)k (2015: £(509)k). This instrument has been designated as a hedging instrument in a cash flow hedge.

Notes to the Financial Statements
For the Period Ended 31 January 2016

21. Loans

Analysis of the maturity of loans is given below:

	Group 31 January 2016 £000	Group 25 January 2015 £000	**Company 31 January 2016 £000**	Company 25 January 2015 £000
Amounts falling due within one year				
Bank loans	**391**	384	-	-
	391	384	-	-
Amounts falling due 1-2 years				
Bank loans	**398**	391	-	-
	398	391	-	-
Amounts falling due 2-5 years				
Bank loans	**1,241**	1,215	-	-
	1,241	1,215	-	-
Amounts falling due after more than 5 years				
Bank loans	**22,118**	22,540	-	-
	22,118	22,540	-	-

22. Capital repayment of loans

The capital repayment of the loans held by the Group and company is analysed below:

	31 January 2016 £000	25 January 2015 £000
Wholly repayable within 5 years		
Repayable by installments	**2,030**	1,990
Repayable other than by installments	-	-
	2,030	1,990
Wholly repayable more than 5 years		
Repayable by installments	**1,748**	2,070
Repayable other than by installments	**20,370**	20,470
	22,118	22,540

Notes to the Financial Statements

For the Period Ended 31 January 2016

23. Financial instruments

	Group 31 January 2016 £000	Group 25 January 2015 £000	**Company 31 January 2016 £000**	Company 25 January 2015 £000
Financial assets				
Financial assets that are measured at amortised cost	**571**	829	-	-
	571	829	-	-
Financial liabilities				
Financial liabilities measured at amortised cost	**(25,381)**	(25,924)	**(4,030)**	(3,974)
Derivative financial instruments designated as hedges of variable interest rate risk	**(1,051)**	(1,205)	-	-
	(26,432)	(27,129)	(4,030)	(3,974)

Financial assets measured at amortised cost comprise of trade, intercompany and other debtors.

Financial liabilities measured at amortised cost for the Group comprise of loans, trade creditors and accruals and deferred income. In the company they comprise amounts owed to group undertakings.

Derivative financial instruments designated as hedges of variable interest rate risk comprise the fair value of the ladder swap and interest rate swaps held at year end.

The balance above comprises of a ladder swap valued at £(76)k (2015: £(317)k) and two interest rate swaps valued at a total of £(975)k (2015: £(887)k). The ladder swap is accounted for as a non-basic financial instrument with movements being recognised in the profit and loss for the period. The change in fair value recognised in profit and loss for the period was £240k (2015: £212k). The interest rate swaps have been designated as hedging instruments in a cash flow hedge with movements being recognised in other comprehensive income. The movement in fair value recognised in other comprehensive income in the period was £88k (2015: £199k). These instruments have been entered into in order to hedge against the risk of variable interest rate movements on the company's variable rate loans.

24. Deferred taxation

Group

	Deferred tax £000
At 26 January 2015	**(389)**
Charged to the profit or loss	**(42)**
Charged to other comprehensive income	**18**
At 31 January 2016	**(413)**

The provision for deferred taxation is made up as follows:

	Group 31 January 2016 £000	Group 25 January 2015 £000	**Company 31 January 2016 £000**	Company 25 January 2015 £000
Accelerated capital allowances	**(623)**	(631)	**-**	-
Deferred tax recognised on hedge	**210**	241	**-**	-
	(413)	(390)	**-**	-

25. Parent Company Profit for the period

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The profit after tax of the parent Company for the period was £4,225k (2015 -£1,605)k.

26. Reserves

Profit & loss account
The balance held on this reserve is the accumulated retained profits of the Group.

Cash flow hedges
This reserve records the portion of the gain or loss net of deferred tax charges on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.

Share capital
The balance on the share capital account represents the aggregate nominal value of all ordinary and preference shares in issue.

Capital redemption reserve
The balance held on this reserve represents the nominal value of preference shares of a subsidiary company redeemed during 2001.

Revaluation reserve
The balance held on this reserve was created during 2001 following the valuation of property in subsidiary companies in that year.

27. Share capital

	31 January 2016 £000	25 January 2015 £000
Allotted, called up and fully paid		
1,000 Called-up equity share capital shares of £1 each	**1**	1

The authorised, called up and fully paid shares comprised of 500 "A" Ordinary Shares of £1 each (2015: 500) and 500 "B" Ordinary Shares of £1 each (2015: 500).

Notes to the Financial Statements
For the Period Ended 31 January 2016

28. Minority interests

This represents the shareholding of minority interests in subsidiaries together with their share of the profits or losses of those subsidiaries.

29. Contingent liabilities

Speedbird Developments Limited, Huntingtower Hotel (Perth) Limited, Hotel Property Fund (Syndicate 1) Limited and Hotel Property Fund (Syndicate 2) Limited have entered into all sums cross guarantees in respect of the indebtedness to Bank of Scotland of Speedbird Developments Limited, Huntingtower Hotel (Perth) Limited, Hotel Property Fund (Syndicate 1) Limited and Hotel Property Fund (Syndicate 2) Limited. The total indebtedness at 31 January 2016 with the Bank of Scotland was £19.7 million (2015: £17.1 million).

30. Capital commitments

As at the end of the period the group had contracted for but not provided in the financial statements for an amount of £179k (2015: £104k).

31. Operating lease commitments

At 31 January 2016 the Group and the Company had total future minimum lease payments under non-cancellable operating leases as follows:

	Land and buildings 31 January 2016 £000	**Other 31 January 2016 £000**	Land and buildings 25 January 2015 £000	Other 25 January 2015 £000
Expiry date:				
No later than 1 year	**378**	**6**	378	6
Between 2 and 5 years	**1,512**	**-**	1,512	6
After more than 5 years	**22,680**	**-**	23,058	-
	24,570	**6**	24,948	12

Rentals paid in the period under the operating lease for land and buildings amounted to £644k (2015: £701k). This lease is currently due to expire during December 2081.

Notes to the Financial Statements

For the Period Ended 31 January 2016

32. Related party transactions

During the period a subsidiary charged Piersland House Hotel Company Limited and Piersland Inns LLP consulting fees for administration, marketing and IT services amounting to £11k (2015: £10k). The group continues to have no involvement or participation other than the provision of consulting services and accordingly has no executive, management or operational control over these entities. The entities were under the control of Mr J A Brown, a director of Etchecan Limited. At 25 January 2015 the subsidiary company was owed £2k (2015: £2k) by Piersland House Hotel Company Limited and Piersland Inns LLP.

The group has taken advantage of exemptions allowed under FRS 102 Section 33.1A enabling it not to report related party transactions between wholly owned subsidiaries.

One of the group's subsidiaries, Hotel Property Fund (Syndicate 1) Limited, was owed £1,738k by other companies within the group at 31 January 2016 (2015: £1,327k). The subsidiary owed £12k to other companies within the group at 31 January 2016 (2015: £103k). During the period, the subsidiary paid £235k (2015: £336k) to a fellow subsidiary in respect of management services provided to it during the period, and received rent of £15k (2015: £15k) from the same subsidiary.

Another of the group's subsidiaries, Hotel Property Fund (Syndicate 2) Limited, was owed £860k by other group companies at 31 January 2016 (2015: £366k). The subsidiary owed £102k (2015: £77k) to other companies within the group at 31 January 2016. During the period, the subsidiary paid £333k (2015: £311k) to a fellow subsidiary in respect of management services provided to it during the period.

During the period, payments for services made to key members of personnel amounted to £545k (2015: £609k).

Notes to the Financial Statements

For the Period Ended 31 January 2016

33. Subsidiary undertakings

The dormant subsidiaries listed below are exempt from the requirements to prepare individual accounts under section 394A of the Companies Act 2006 for the period ended 31 January 2016. The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Huntingtower Hotel (Perth) Limited	Scotland	Ordinary shares	100 %	Hoteliers
Speedbird Developments Limited	Scotland	Ordinary shares	100 %	Hoteliers
Lauriston Hotels Limited	Scotland	Ordinary shares	100 %	Hoteliers
Hotel Property Fund (Syndicate 1) Limited	Scotland	Ordinary shares	92 %	Hoteliers
Hotel Property Fund (Syndicate 2) Limited	Scotland	Ordinary shares	92 %	Hoteliers
Portland Hotel Management Limited	Scotland	Ordinary shares	100 %	Hotel Management
Portland Hotels Limited	Scotland	Ordinary shares	100 %	Dormant
Portland Facilities Management Limited	Scotland	Ordinary shares	100 %	Dormant
PCPB LLP	Scotland	Registered members	100 %	Dormant
Hotel Property Fund (Syndicate 3) Limited	Scotland	Ordinary shares	100 %	Dormant
Hotel Property Fund (Syndicate 4) Limited	Scotland	Ordinary shares	100 %	Dormant
Hotel Property Fund (Syndicate 5) Limited	Scotland	Ordinary shares	100 %	Dormant
Hotel Property Fund (Syndicate 6) Limited	Scotland	Ordinary shares	100 %	Dormant
Hotel Property Fund (Syndicate 7) Limited	Scotland	Ordinary shares	100 %	Dormant
Hotel Property Fund (Syndicate 8) Limited	Scotland	Ordinary shares	100 %	Dormant
Hotel Property Fund (Syndicate 9) Limited	Scotland	Ordinary shares	100 %	Dormant
Hotel Property Fund (Syndicate 10) Limited	Scotland	Ordinary shares	100 %	Dormant

34. Transition to FRS 102

The Group and Company transitioned to FRS 102 from previously extant UK GAAP as at 27 January 2014. The impact of the transition to FRS 102 is as follows:

Reconciliation of equity at 27 January 2014

	Group £000	Company £000
Equity at 27 January 2014 under previous UK GAAP	4,213	1
Transitional adjustment 1	(529)	-
Transitional adjustment 2	108	-
Transitional adjustment 3	98	-
Equity shareholders funds at 27 January 2014 under FRS 102	3,890	1

Reconciliation of equity at 25 January 2015

	Group £000	Company £000
Equity at 25 January 2015 under previous UK GAAP	5,113	1
Transitional adjustment 1	(317)	-
Transitional adjustment 2	(888)	-
Transitional adjustment 3	240	-
Equity shareholders funds at 25 January 2015 under FRS 102	4,148	1

Reconciliation of profit and loss account for the year ended 25 January 2015

	Group £000	Company £000
Profit for the year under UK GAAP	2,505	1,605
Transitional adjustment 1	212	-
Transitional adjustment 3	(42)	-
Profit for the period ended 25 January 2015 under FRS 102	2,675	1,605

The following were changes in accounting policies arising from the transition to FRS 102:

1 Financial Instruments

The Group was not previously required to recognise derivative financial instruments on the balance sheet. Instead the effects of the derivative financial instruments held by two of the companies, Hotel Property Fund (Syndicate 1) Limited and Hotel Property Fund (Syndicate 2) were recognised in profit or loss on settlement.

Under FRS 102, derivative financial instruments are classified as other financial instruments and are

34. Transition to FRS 102 (continued)

recognised as a financial asset or a financial liability, at fair value, when an entity becomes party to the contractual provisions of the instrument.

Transitional adjustment 1 - Ladder Swap Instrument

On the adoption of the requirements of FRS 102, a financial liability of £529k has been recognised on the balance sheet of Hotel Property Fund (Syndicate 2), and therefore on the Group's consolidated balance sheet, at the date of transition, 27 January 2014, due to the entity holding a ladder swap instrument.

At 25 January 2015 the fair value of the financial liability in this company was £317k.

In accordance with the accounting policy the difference between the fair values of £529k and £317k has been recognised in profit and loss for the period ended 25 January 2015.

Transitional adjustment 2 - Interest Swap Instrument

Both Hotel Property Fund (Syndicate 1) Limited and Hotel Property Fund (Syndicate 2) have designated one of their derivative financial instruments as a hedging instrument in a cash flow hedge. These instruments are interest rate swaps.

On the adoption of the requirements of FRS 102, a financial asset of £108k has been recognised on the consolidated balance sheet at the date of transition, 27 January 2014. This comprised of a financial asset of £35k held by Hotel Property Fund (Syndicate 1) Limited and a financial asset of £73k held by Hotel Property Fund (Syndicate 2) Limited.

At 25 January 2015 the fair value of the instruments resulted in financial liabilities of £888k. This comprised of a financial liability of £379k held by Hotel Property Fund (Syndicate 1) Limited and a financial liability of £509k held by Hotel Property Fund (Syndicate 2) Limited.

In accordance with the accounting policy the movements in fair value were recognised in the cash flow hedge reserve as at 27 January 2014 and at 25 January 2015, with movements being shown through Other comprehensive income.

Transitional adjustment 3 - Deferred tax on FRS 102 adjustments

This represents the deferred tax element of Transitional adjustment 1 and Transition adjustment 2, which have been explained above.