

Prestonfield House Hotel Limited

Registered number: SC034405

Directors' report and financial statements

For the year ended 31 March 2016

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PRESTONFIELD HOUSE HOTEL LIMITED

COMPANY INFORMATION

Directors	J Thomson C C L Stevenson
Company secretary	J McAdam
Registered number	SC034405
Registered office	Prestonfield House Hotel Priestfield Road Edinburgh EH16 5UT
Business address	Prestonfield House Hotel Priestfield Road Edinburgh EH16 5UT
Auditors	Mazars LLP Chartered Accountants & Statutory Auditor Apex 2 97 Haymarket Terrace Edinburgh EH12 5HD
Bankers	The Royal Bank of Scotland plc 36 St Andrew Square Edinburgh EH2 2YB
Solicitors	Shepherd and Wedderburn 1 Exchange Crescent Conference Square Edinburgh EH3 8UL

PRESTONFIELD HOUSE HOTEL LIMITED

CONTENTS

	Page
Strategic report	1
Directors' report	2 - 3
Independent auditors' report	4 - 5
Statement of income and retained earnings	6
Balance sheet	7
Notes to the financial statements	8 - 23

PRESTONFIELD HOUSE HOTEL LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2016

Principal activities

The company's principal activity continued to be that of restaurateurs and hoteliers.

Business review

The business had an excellent year and excluding one off costs, enjoyed its highest profitability since the major refurbishment in 2003. Turnover and gross margins improved on the prior year and this, coupled with excellent cost control, has led to an excellent improvement in profitability. The directors anticipate improved margins and profitability going forward.

The hotel continues to thrive on repeat custom and a high standing reputation. The list of accolades the hotel continues to receive provides further assurance of its strong position in the market and the directors believe the high quality of the service provided will help secure the company's market position and mitigate any trading risks.

Financial risk management objectives and policies

The company finances its operations through a mixture of retained profits and where necessary to fund expansion or capital expenditure programmes through bank borrowings. The management's objectives are to:

- retain sufficient liquid funds to enable it to meet its day to day obligations as they fall due whilst maximising returns on surplus funds;
- minimise the company's exposure to fluctuating interest rates when seeking new borrowings; and
- match the repayment schedule of any external borrowings or overdrafts with the expected future cash flows expected to arise from the company's trading activities.

The company does not use hedge accounting.

As all the company's surplus funds are held in Sterling bank accounts and its borrowings are all obtained from a standard bank loan, there is no risk to price exposure.

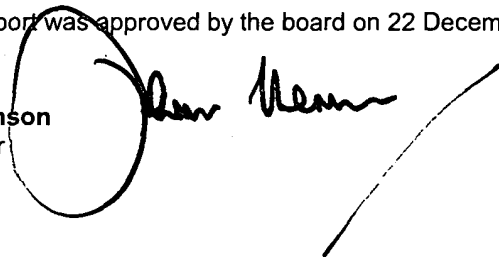
Financial key performance indicators

EBITDA is regarded as the major performance indicator. This has fallen from £556,588 to £467,470 after some one-off costs in the current year. The directors are satisfied with the results for the year.

Gross profit margin is also reviewed by the directors and this year the gross profit margin has increased slightly from 48.90% to 49.46%.

This report was approved by the board on 22 December 2016 and signed on its behalf.

J Thomson
Director



PRESTONFIELD HOUSE HOTEL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2016

The directors present their report and the financial statements for the year ended 31 March 2016.

Matters covered in the strategic report

The following information is not included in the Directors' Report because it is shown in the Strategic Report:

Principal activity
Business review
Financial risk management objectives and policies
Financial key performance indicators

Directors' responsibilities statement

The directors are responsible for preparing the 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 year. 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 they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements 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.

Results and dividends

The profit for the year, after taxation, amounted to £224,504 (2015 - £278,847).

The directors did not recommend a dividend.

Directors

The directors who served during the year were:

J Thomson
C C L Stevenson

PRESTONFIELD HOUSE HOTEL LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

Disclosure of information to auditors

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the 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's auditors are aware of that information.

Post balance sheet events

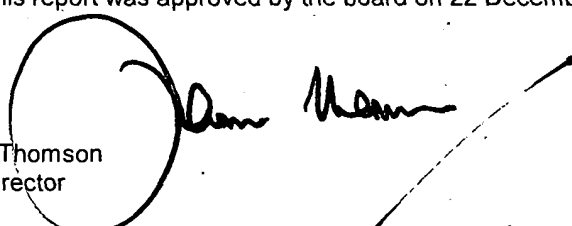
There have been no significant events affecting the Company since the year end.

Auditors

The auditors, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 22 December 2016 and signed on its behalf.

J Thomson
Director

A large, stylized handwritten signature in black ink, appearing to be 'J Thomson', is written over the printed name and title.

PRESTONFIELD HOUSE HOTEL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PRESTONFIELD HOUSE HOTEL LIMITED

We have audited the financial statements of Prestonfield House Hotel Limited for the year ended 31 March 2016 which comprise the Statement of income and retained earnings, the Balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Respective responsibilities of directors and auditors

As explained more fully in the Directors' responsibilities statement set out on page 2, 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. 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 Auditors' 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.

Scope of the audit of the financial statements

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 the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on the other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

PRESTONFIELD HOUSE HOTEL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PRESTONFIELD HOUSE HOTEL 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, 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; or
- we have not received all the information and explanations we require for our audit.



Fiona Martin (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

Apex 2
97 Haymarket Terrace
Edinburgh
EH12 5HD

22 December 2016

PRESTONFIELD HOUSE HOTEL LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 MARCH 2016

	Note	2016 £	2015 £
Turnover	4	5,498,349	5,263,310
Cost of sales		(2,779,017)	(2,689,722)
Gross profit		2,719,332	2,573,588
Administrative expenses		(2,377,409)	(2,173,925)
Other operating income	5	57,500	57,500
Operating profit	6	399,423	457,163
Interest receivable and similar income	10	-	4,626
Interest payable and expenses	11	(96,619)	(104,426)
Profit before tax		302,804	357,363
Tax on profit	12	(78,300)	(78,516)
Profit after tax		224,504	278,847
Retained earnings at the beginning of the year		179,668	(99,179)
		179,668	(99,179)
Profit for the year		224,504	278,847
Retained earnings at the end of the year		404,172	179,668

There were no recognised gains and losses for 2016 or 2015 other than those included in the statement of income and retained earnings.

The notes on pages 8 to 23 form part of these financial statements.

PRESTONFIELD HOUSE HOTEL LIMITED
REGISTERED NUMBER: SC034405

BALANCE SHEET
AS AT 31 MARCH 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	13	4,406,053	4,352,753
Current assets			
Stocks	14	249,142	246,294
Debtors: amounts falling due within one year	15	242,074	239,245
Cash at bank and in hand	16	627,063	25,387
		<u>1,118,279</u>	<u>510,926</u>
Creditors: amounts falling due within one year	17	<u>(1,615,479)</u>	<u>(1,066,591)</u>
Net current liabilities		<u>(497,200)</u>	<u>(555,665)</u>
Total assets less current liabilities		<u>3,908,853</u>	<u>3,797,088</u>
Creditors: amounts falling due after more than one year	18	(2,304,281)	(2,467,420)
Provisions for liabilities			
Deferred tax	20	<u>(50,400)</u>	<u>-</u>
		<u>(50,400)</u>	<u>-</u>
Net assets		<u>1,554,172</u>	<u>1,329,668</u>
Capital and reserves			
Called up share capital	21	1,150,000	1,150,000
Profit and loss account	22	<u>404,172</u>	<u>179,668</u>
		<u>1,554,172</u>	<u>1,329,668</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22 December 2016.

J Thomson
 Director

The notes on pages 8 to 23 form part of these financial statements.

PRESTONFIELD HOUSE HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

1. General information

Prestonfield House Hotel Limited is a limited company registered in Scotland and incorporated in the UK. The registered office is Prestonfield House Hotel, Priestfield Road, Edinburgh, EH16 5UT.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The date of transition to FRS 102 is 1 April 2014. The final set of accounts prepared under the previous reporting framework were dated 31 March 2015.

Information on the impact of first-time adoption of FRS 102 is given in note 28.

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

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.27 to 12.29;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Pacific Shelf 636 Limited as at 31 March 2016 and these financial statements may be obtained from 352 Castlehill, The Royal Mile, Edinburgh EH1 2NF.

2.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements. Certain amounts due to group companies are included in creditors due within one year as they are technically repayable on demand. However, payment of these amounts will not be required unless the Company is able to do so.

PRESTONFIELD HOUSE HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

2. Accounting policies (continued)

2.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements. Certain amounts due to group companies are included in creditors due within one year as they are technically repayable on demand. However, payment of these amounts will not be required unless the Company is able to do so.

2.4 Revenue

Revenue, in respect hotel, food and beverage sales, is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.5 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.

PRESTONFIELD HOUSE HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

2. Accounting policies (continued)

2.5 Tangible fixed assets (continued)

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.

Depreciation is provided on the following basis:

Plant & machinery	- 15% straight line
Fixtures & fittings	- 15% straight line

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 in the Statement of income and retained earnings.

No depreciation is provided on the company's heritable property. It is the directors' belief that the residual value of these is at least equal to the book value. Having regard to this, it is considered that depreciation of any such property as required by Companies Act 2006 and standard accounting practice would not be material. The book value of property held at the year end which is not depreciated is £3,434,394 (2015: £3,434,394).

The company's art collection is reported in the balance sheet with cost represented by a valuation in September 2012. The paintings are deemed to have indeterminate lives and are appreciating in value; hence the directors do not consider it appropriate to charge depreciation. The book value of artwork held at the year end which is not depreciated is £682,250 (2015: £676,550).

The company has taken advantage of the transitional relief granted by FRS 102 section 35.10(d) whereby a first-time adopter of FRS 102 may elect to use a previous GAAP revaluation of tangible fixed assets at, or before the date of transition to this FRS as its deemed cost at the revaluation date.

Heritable property and artwork are reviewed for impairment at the end of each year in accordance with the requirements of FRS 102 section 17. An impairment review comprises a comparison of the carrying amount of the asset with its recoverable amount, being the higher of net realisable value and value in use. An asset is impaired to the extent that the carrying amount exceeds the recoverable amount.

Any impairment loss identified is recognised in the profit and loss account.

2.6 Stocks

Stocks, comprising food and drinks, are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

PRESTONFIELD HOUSE HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016.

2. Accounting policies (continued)

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 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.

2.9 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

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 debtors and creditors, 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, like 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 Statement of income and retained earnings.

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 Company would receive for the asset if it were to be sold at the balance sheet date.

2.10 Creditors

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

2.11 Finance costs

Finance costs are charged to the Statement of income and retained earnings 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. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

PRESTONFIELD HOUSE HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

2. Accounting policies (continued)

2.12 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of income and retained earnings on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 April 2014 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.13 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of income and retained earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.14 Interest income

Interest income is recognised in the Statement of income and retained earnings using the effective interest method.

2.15 Borrowing costs

All borrowing costs are recognised in the Statement of income and retained earnings in the year in which they are incurred.

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company 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 Statement of income and retained earnings in the year that the Company 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.

PRESTONFIELD HOUSE HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

2. Accounting policies (continued)

2.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of income and retained earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and

- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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

In the application of the company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, 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.

4. Turnover

All turnover arose within the United Kingdom and is attributable to the principal activity of the company.

PRESTONFIELD HOUSE HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

5. Other operating income

	2016 £	2015 £
Fees receivable	57,500	57,500

6. Operating profit

The operating profit is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	68,046	99,476
Other operating lease rentals	16,862	7,529
Defined contribution pension cost	9,181	8,735

7. Auditors' remuneration

	2016 £	2015 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	6,950	6,750
Fees payable to the Company's auditor and its associates in respect of:		
Other services relating to taxation	1,325	1,300
All other services	48,450	47,450
	49,775	48,750

PRESTONFIELD HOUSE HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2016 £	2015 £
Wages and salaries	1,887,495	1,865,198
Social security costs	134,224	139,506
Cost of defined contribution scheme	9,181	8,735
	<u>2,030,900</u>	<u>2,013,439</u>

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

	2016 No.	2015 No.
Production staff	102	107
Administration staff	44	50
	<u>146</u>	<u>157</u>

9. Directors' remuneration

	2016 £	2015 £
Directors' emoluments	<u>100,000</u>	<u>100,000</u>

10. Interest receivable

	2016 £	2015 £
Interest receivable from group companies	<u>-</u>	<u>4,626</u>

11. Interest payable and similar charges

	2016 £	2015 £
Bank interest payable	96,619	103,368
Finance leases and hire purchase contracts	-	1,058
	<u>96,619</u>	<u>104,426</u>

PRESTONFIELD HOUSE HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

12. Taxation

	2016 £	2015 £
Corporation tax		
Current tax on profits for the year	-	116
Total current tax	-	116
Deferred tax		
Origination and reversal of timing differences	65,510	78,400
Changes to tax rates	12,790	-
Total deferred tax	78,300	78,400
Taxation on profit on ordinary activities	78,300	78,516

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2015 - higher than) the standard rate of corporation tax in the UK of 20% (2015 - 20%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	302,804	357,363
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20%)	60,561	71,473
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	7,842	5,971
Capital allowances for year in excess of depreciation	2,368	(7,829)
Other differences	2,480	-
Utilisation of tax losses and other deductions	-	(69,499)
Other timing differences leading to an increase (decrease) in taxation	5,049	78,400
Total tax charge for the year	78,300	78,516

Factors that may affect future tax charges

The company has trading losses of £329,210 (2015: £613,224) available to carry forward against future taxable profits (note 20).

PRESTONFIELD HOUSE HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

13. Tangible fixed assets

	Heritable property £	Plant & machinery £	Fixtures & fittings £	Artwork £	Total £
Cost					
At 1 April 2015	3,434,394	368,544	776,948	676,550	5,256,436
Additions	-	42,933	72,712	5,700	121,345
At 31 March 2016	3,434,394	411,477	849,660	682,250	5,377,781
Depreciation					
At 1 April 2015	-	267,587	636,095	-	903,682
Charge for the period on owned assets	-	29,561	38,485	-	68,046
At 31 March 2016	-	297,148	674,580	-	971,728
Net book value					
At 31 March 2016	3,434,394	114,329	175,080	682,250	4,406,053
At 31 March 2015	3,434,394	100,957	140,852	676,550	4,352,753

The artwork was valued in September 2012 giving rise to a revaluation reserve at the date of transition to FRS 102 of £676,550 (note 22). The valuation is treated as cost under FRS 102 as per accounting policy at note 2.5.

PRESTONFIELD HOUSE HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

14. Stocks

	2016 £	2015 £
Finished goods and goods for resale	249,142	246,294

15. Debtors

	2016 £	2015 £
Trade debtors	16,892	12,826
Amounts owed by group undertakings (note 26)	-	179,285
Other debtors	13,552	6,104
Prepayments and accrued income	211,630	13,130
Deferred taxation (note 20)	-	27,900
	242,074	239,245

16. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	627,063	25,387
Less: bank overdrafts	(3,726)	(3,085)
	623,337	22,302

PRESTONFIELD HOUSE HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

17. Creditors: Amounts falling due within one year

	2016 £	2015 £
Bank overdrafts	3,726	3,085
Bank loans (note 19)	163,140	163,140
Trade creditors	461,815	95,671
Amounts owed to group undertakings (note 26)	272,320	-
Corporation tax	-	116
Taxation and social security	29,221	65,801
Other creditors	11,322	9,357
Accruals and deferred income	673,935	729,421
	<u>1,615,479</u>	<u>1,066,591</u>

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

	2016 £	2015 £
Bank loans (note 19)	<u>2,304,281</u>	<u>2,467,420</u>

Secured loans

The bank loan is secured by a standard security over Prestonfield House Hotel and grounds as well as a bond and floating charge over the assets and undertaking of the company.

The bank loan is repayable by quarterly instalments and is due to be repaid by June 2017. Interest is payable on the loan at a rate of 3.25% above LIBOR.

19. Loans

Analysis of the maturity of loans is given below:

	2016 £	2015 £
Amounts falling due within one year	163,140	163,140
Amounts falling due 1-2 years	2,304,281	170,183
Amounts falling due 2-5 years	-	2,297,237

PRESTONFIELD HOUSE HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

20. Deferred taxation

	2016 £
At beginning of year	27,900
Charged to profit or loss	(78,300)
At end of year	(50,400)

The deferred taxation balance is made up as follows:

	2016 £
Fixed asset temporary differences	(9,800)
Short term timing differences	200
Losses and other deductions	59,200
Other timing differences	(100,000)
	(50,400)

21. Share capital

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
1,150,000 Ordinary shares of £1 each	1,150,000	1,150,000

22. Reserves

Profit & loss account

This reserve includes all current and prior period retained profits and losses, and a revaluation reserve of £676,550 (note 13) less a related deferred tax liability of £100,000.

23. Pension commitments

The company contributes to personal pension plans. The annual contributions payable are charged to the profit and loss account. The pension cost charge represents contributions payable by the company to the fund and amounted to £9,181 (2015: £8,735).

There were £1,343 of contributions payable to the fund at the balance sheet date (2015: £1,303).

PRESTONFIELD HOUSE HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

24. Commitments under operating leases

At 31 March 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Not later than 1 year	3,104	4,138
Later than 1 year and not later than 5 years	-	3,104
Total	3,104	7,242

25. Directors' personal guarantees

J Thomson, a director of the company operated a current account during the year. The maximum balance owed to the company that was outstanding during the current year was £Nil (2015: £3,149) and there was no outstanding balance at the current or prior year ends.

26. Related party transactions

Amounts owed to immediate parent undertaking of £272,320 (2015: £179,285 owed by) represent amounts owed to Castlegate Investments (Edinburgh) Limited. The amounts are unsecured, and have no fixed terms of repayment. Interest received during the year amounted to £Nil (2015: £4,626).

During the year the company received management charges of £57,500 (2015: £57,500) from, and paid management charges of £321,500 (2015: £112,800) to Castlegate Investments (Edinburgh) Limited.

27. Controlling party and parent undertaking

The company's immediate parent undertaking is Castlegate Investments (Edinburgh) Limited, which is registered in Scotland.

The company's ultimate parent undertaking is Pacific Shelf 636 Limited, which is also registered in Scotland. This company heads the largest and smallest group for which consolidated accounts are drawn up.

In the directors' opinion, the company's ultimate controlling party is J Thomson by virtue of his shareholding in the company's ultimate parent undertaking.

28. First time adoption of FRS 102

The Company transitioned to FRS 102 from previously extant UK GAAP as at 1 April 2014.

The impact of the transition to FRS 102 is as follows:

PRESTONFIELD HOUSE HOTEL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

28. First time adoption of FRS 102 (continued)

	Note	As previously stated 1 April 2014 £	Effect of transition 1 April 2014 £	FRS 102 (as restated) 1 April 2014 £	As previously stated 31 March 2015 £	Effect of transition 31 March 2015 £	FRS 102 (as restated) 31 March 2015 £
Fixed assets	1	4,344,841	-	4,344,841	4,352,754	-	4,352,754
Current assets		585,303	(100,000)	485,303	610,926	(100,000)	510,926
Creditors: amounts falling due within one year		(1,148,761)	-	(1,148,761)	(1,066,590)	-	(1,066,590)
Net current liabilities		(563,458)	(100,000)	(663,458)	(455,664)	(100,000)	(555,664)
Total assets less current liabilities		3,781,383	(100,000)	3,681,383	3,897,090	(100,000)	3,797,090
Creditors: amounts falling due after more than one year		(2,630,561)	-	(2,630,561)	(2,467,420)	-	(2,467,420)
Net assets		1,150,822	(100,000)	1,050,822	1,429,670	(100,000)	1,329,670
Capital and reserves		1,150,822	(100,000)	1,050,822	1,429,670	(100,000)	1,329,670

PRESTONFIELD HOUSE HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

28. First time adoption of FRS 102 (continued)

	As previously stated 31 March 2015 £	Effect of transition 31 March 2015 £	FRS 102 (as restated) 31 March 2015 £
Turnover	5,263,310	-	5,263,310
Cost of sales	(2,689,722)	-	(2,689,722)
	2,573,588	-	2,573,588
Administrative expenses	(2,173,925)	-	(2,173,925)
Other operating income	57,500	-	57,500
Operating profit	457,163	-	457,163
Interest receivable and similar income	4,626	-	4,626
Interest payable and similar charges	(104,426)	-	(104,426)
Taxation	(78,516)	-	(78,516)
Profit on ordinary activities after taxation and for the financial year	278,847	-	278,847

1 Tangible fixed assets previously held at a valuation have used the revalued balance as 'deemed cost' upon transition to FRS 102. A deferred tax liability of £100,000 has been recognised in respect the revaluation.