



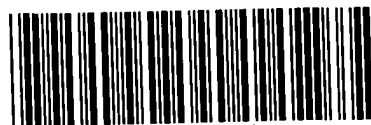
Prestonfield House Hotel Limited

Registered number: SC034405

Annual report and financial statements

For the year ended 31 March 2017

FRIDAY



S6LSIDDM

SCT

22/12/2017

#192

COMPANIES HOUSE

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 EH16 5UT Edinburgh
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 auditor's report	4 - 5
Statement of income and retained earnings	6
Balance sheet	7
Notes to the financial statements	8 - 21

PRESTONFIELD HOUSE HOTEL LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2017

Principal activities

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

Business review

The business had an excellent year of trading, with turnover increasing. 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.

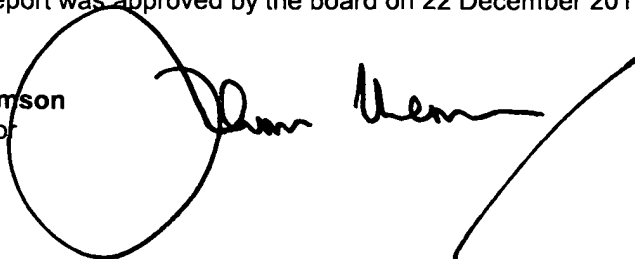
Financial key performance indicators

EBITDA is regarded as the major performance indicator. This has increased from £467,470 to £531,112 excluding exceptional 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 decreased slightly to 48.9% from 49.5%.

This report was approved by the board on 22 December 2017 and signed on its behalf.

J Thomson
Director

A large, stylized handwritten signature in black ink, appearing to read 'J Thomson', is written over a large, empty oval shape.

PRESTONFIELD HOUSE HOTEL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2017

The directors present their report and the financial statements for the year ended 31 March 2017.

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 to 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 loss for the year, after taxation, amounted to £750,859 (2016 - profit £224,504).

The directors did not recommend a dividend.

Directors

The directors who served during the year were:

J Thomson
C C L Stevenson

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

PRESTONFIELD HOUSE HOTEL LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

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 the director is aware, there is no relevant audit information of which the Company's auditor is 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 auditor is aware of that information.

Post balance sheet events

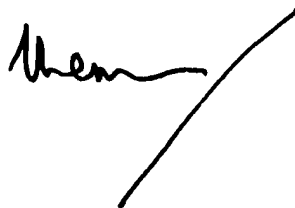
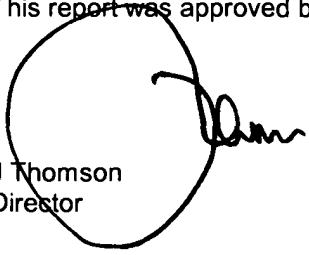
There have been no significant events affecting the Company since the year end.

Auditor

The auditor, 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 2017 and signed on its behalf.

J Thomson
Director



PRESTONFIELD HOUSE HOTEL LIMITED

INDEPENDENT AUDITOR'S 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 2017 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 auditor

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 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.

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 2017 and of its loss 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 matters prescribed by the Companies Act 2006

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

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

PRESTONFIELD HOUSE HOTEL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRESTONFIELD HOUSE HOTEL LIMITED

Matters on which we are required to report by exception

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

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 2017

PRESTONFIELD HOUSE HOTEL LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 £	2016 £
Turnover	4	5,750,934	5,498,349
Cost of sales		(2,937,188)	(2,779,017)
Gross profit		2,813,746	2,719,332
Administrative expenses		(2,445,956)	(2,377,409)
Exceptional administrative expenses	6	(1,138,000)	-
Other operating income	5	57,500	57,500
Operating (loss)/profit	7	(712,710)	399,423
Interest payable and expenses	11	(88,549)	(96,619)
(Loss)/profit before tax		(801,259)	302,804
Tax on (loss)/profit	12	50,400	(78,300)
(Loss)/profit after tax		(750,859)	224,504
Retained earnings at the beginning of the year		404,172	179,668
(Loss)/profit for the year		(750,859)	224,504
Retained earnings at the end of the year		(346,687)	404,172

There was no other comprehensive income for 2017 (2016: £Nil)

The notes on pages 8 to 21 form part of these financial statements.

PRESTONFIELD HOUSE HOTEL LIMITED
REGISTERED NUMBER: SC034405

BALANCE SHEET
AS AT 31 MARCH 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	13	4,729,955	4,406,053
Current assets			
Stocks	14	269,703	249,142
Debtors: amounts falling due within one year	15	34,510	242,074
Cash at bank and in hand	16	56,551	627,063
		<u>360,764</u>	<u>1,118,279</u>
Creditors: amounts falling due within one year	17	<u>(4,287,406)</u>	<u>(1,615,479)</u>
Net current liabilities		<u>(3,926,642)</u>	<u>(497,200)</u>
Total assets less current liabilities		<u>803,313</u>	<u>3,908,853</u>
Creditors: amounts falling due after more than one year	18	-	(2,304,281)
Provisions for liabilities			
Deferred tax	20	<u>-</u>	<u>(50,400)</u>
		<u>-</u>	<u>(50,400)</u>
Net assets		<u><u>803,313</u></u>	<u><u>1,554,172</u></u>
Capital and reserves			
Called up share capital	21	1,150,000	1,150,000
Profit and loss account	22	<u>(346,687)</u>	<u>404,172</u>
		<u><u>803,313</u></u>	<u><u>1,554,172</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22 December 2017.

J Thomson
 Director

PRESTONFIELD HOUSE HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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 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.

The financial statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded the nearest £.

The preparation of financial statements in compliance with FRS 102 requires the use of certain accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

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 2017

2. Accounting policies (continued)

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 2017

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 (2016: £3,434,394).

The company's art collection is deemed to have an indeterminate life and appreciate 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 £682,500 (2016: £682,250).

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 Statement of income and retained earnings.

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 the Statement of income and retained earnings.

PRESTONFIELD HOUSE HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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.

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 of the recoverable amount, 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 2017

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 2015 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 Borrowing costs

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

2.15 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 2017

2. Accounting policies (continued)

2.16 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.

2.17 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

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 2017

5. Other operating income

	2017 £	2016 £
Fees receivable	57,500	57,500

6. Exceptional items

	2017 £	2016 £
Management charge	1,138,000	-

The above relates to a non-recurring management charge.

7. Operating (loss)/profit

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

	2017 £	2016 £
Depreciation of tangible fixed assets	105,822	68,046
Other operating lease rentals	20,363	16,862
Defined contribution pension cost	10,675	9,181
Cost of stocks recognised as an expense	1,234,990	1,176,136

8. Auditor's remuneration

	2017 £	2016 £
Fees payable to the Company's auditor for the audit of the Company's annual accounts	7,150	6,950
Fees payable to the Company's auditor in respect of:		
Other services relating to taxation	1,350	1,325
All other services	47,914	48,450
	49,264	49,775

PRESTONFIELD HOUSE HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

9. Employees

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

	2017 £	2016 £
Wages and salaries	2,082,132	1,887,495
Social security costs	157,478	134,224
Cost of defined contribution scheme	10,675	9,181
	<u>2,250,285</u>	<u>2,030,900</u>

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

	2017 No.	2016 No.
Production staff	91	102
Administration staff	50	44
	<u>141</u>	<u>146</u>

10. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	<u>100,000</u>	<u>100,000</u>

No director received any pension contributions during the year (2016: Nil).

11. Interest payable and similar charges

	2017 £	2016 £
Bank interest payable	<u>88,549</u>	<u>96,619</u>

PRESTONFIELD HOUSE HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

12. Taxation

	2017 £	2016 £
Deferred tax		
Origination and reversal of timing differences	(50,400)	65,510
Changes to tax rates	-	12,790
Taxation on (loss)/profit on ordinary activities	<u>(50,400)</u>	<u>78,300</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2016 - higher than) the standard rate of corporation tax in the UK of 20% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
(Loss)/profit on ordinary activities before tax	<u>(801,259)</u>	<u>302,804</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%)	(160,252)	60,561
Effects of:		
Expenses not deductible for tax purposes	7,182	7,842
Capital allowances for year in excess of depreciation	3,110	2,368
Other differences	1,786	2,480
Taxation losses not recognised	<u>97,774</u>	<u>5,049</u>
Total tax charge for the year	<u>(50,400)</u>	<u>78,300</u>

Factors that may affect future tax charges

The company has trading losses of £1,122,105 (2016: £329,210) 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 2017

13. Tangible fixed assets

	Heritable property £	Plant & machinery £	Fixtures & fittings £	Artwork £	Total £
Cost					
At 1 April 2016	3,434,394	411,478	849,659	682,251	5,377,782
Additions	-	91,642	337,832	249	429,723
At 31 March 2017	3,434,394	503,120	1,187,491	682,500	5,807,505
Depreciation					
At 1 April 2016	-	297,148	674,580	-	971,728
Charge for the year	-	36,636	69,186	-	105,822
At 31 March 2017	-	333,784	743,766	-	1,077,550
Net book value					
At 31 March 2017	3,434,394	169,336	443,725	682,500	4,729,955
At 31 March 2016	3,434,394	114,329	175,079	682,251	4,406,053

PRESTONFIELD HOUSE HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

14. Stocks

	2017 £	2016 £
Finished goods and goods for resale	269,703	249,142

15. Debtors

	2017 £	2016 £
Trade debtors	7,317	16,892
Other debtors	5,112	13,552
Prepayments and accrued income	22,081	211,630
	34,510	242,074

16. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	56,551	627,063
Less: bank overdrafts	(187,336)	(3,726)
	(130,785)	623,337

17. Creditors: Amounts falling due within one year

	2017 £	2016 £
Bank overdrafts	187,336	3,726
Bank loans (Note 19)	2,297,237	163,140
Trade creditors	110,601	461,815
Amounts owed to group undertakings (Note 25)	10,527	272,320
Taxation and social security	65,127	29,221
Other creditors	54,833	11,322
Accruals and deferred income	1,561,745	673,935
	4,287,406	1,615,479

PRESTONFIELD HOUSE HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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

	2017 £	2016 £
Bank loans (Note 19)	-	2,304,281

19. Loans

Analysis of the maturity of loans is given below:

	2017 £	2016 £
Amounts falling due within one year	2,297,237	163,140
Amounts falling due 1-2 years	-	2,304,281

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.

Subsequent to the year end, a new bank loan was agreed with a term of 5 years.

20. Deferred taxation

	2017 £
At beginning of year	(50,400)
Charged to Statement of income and retained earnings	50,400
At end of year	-

A deferred tax asset of £171,849 has not been recognised due to uncertainty of its immediate recovery.

PRESTONFIELD HOUSE HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

21. Share capital

	2017 £	2016 £
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.

23. Pension commitments

The company contributes to personal pension plans. The annual contributions payable are charged to the Statement of income and retained earnings. The pension cost charge represents contributions payable by the company to the fund and amounted to £10,675 (2016: £9,181).

There were £1,507 of contributions payable to the fund at the balance sheet date (2016: £1,343).

24. Commitments under operating leases

At 31 March 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Not later than 1 year	1,035	3,104

25. Related party transactions

Amounts owed to immediate parent undertaking of £10,527 (2016: £272,320) represent interest free amounts owed to Castlegate Investments (Edinburgh) Limited. Interest will be charged on the balance at 5% from 1 April 2017. The amounts are unsecured, and have no fixed terms of repayment.

During the year the company received management charges of £57,500 (2016: £57,500) from, and paid management charges of £1,325,836 (2016: £321,500) to Castlegate Investments (Edinburgh) Limited.

PRESTONFIELD HOUSE HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

26. 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.