

Orrmac (No:500) Limited

Report and Financial Statements

31 December 2012

FRIDAY



S2NMGG40

SCT

20/12/2013

#46

COMPANIES HOUSE

Directors

A D M MacDonald

J A M Orr

A McKnight

Secretary

Queensferry Secretaries Ltd

Caledonian Exchange

19A Canning Street

Edinburgh EH3 8HE

Auditors

Ernst & Young LLP

Ten George Street

Edinburgh EH2 2DZ

Bankers

Bank of Scotland

38 St Andrew Square

Edinburgh EH2 2YR

Registered Office

Caledonian Exchange

19A Canning Street

Edinburgh EH3 8HE

Registered No. SC134373

Directors' report

The directors present their report and financial statements for the year ended 31 December 2012.

Results and dividends

The loss for the year after taxation amounted to £16,950 (2011 – profit of £23,787). The directors do not recommend a final dividend (2011 – £nil).

Principal activity

The company owns and operates one hotel in Bridge of Orchy.

Future development

The future development for Orrmac 500 consists of demolishing the bunkhouse at the back of the hotel and replacing it with three terraces. Each terrace will have seven contemporary rooms. The developments will be operational from 21 May 2013.

Going concern

After making suitable enquiries, the Directors have reasonable expectation that the Company has adequate resources to remain in operation for the foreseeable future with its strong balance sheet. In addition, the Directors believe the new development of the hotel will strengthen the performance of the hotel.

The Directors have therefore continued to adopt the going concern basis of accounting in preparing the annual financial statements

Directors

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

A D M MacDonald
J A M Orr
A McKnight

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

Directors' report

Small company exemptions

This report has been prepared in accordance with the special provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

On behalf of the Board



A D M MacDonald
Director

17ⁿ December 2013

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 and then apply them consistently;
- make judgments and 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 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.

Independent auditors' report

to the members of Orrmac (No:500) Limited

We have audited the financial statements of Orrmac (No:500) Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 13. 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).

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 set out on page 4, 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 statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the *[describe the annual report]* to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 December 2012 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 other matter prescribed by the Companies Act 2006

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

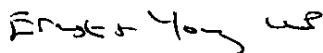
Independent auditors' report

to the members of Orrmac (No:500) 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.
- the directors were not entitled to prepare the directors' report in accordance with the small companies exemption.



Walter Campbell (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Edinburgh

19 December 2013

Profit and loss account

for the year ended 31 December 2012

	Notes	2012 £	2011 £
Turnover	2	791,395	812,049
Cost of sales		(184,341)	(189,101)
Gross Profit		607,054	622,948
Other operating income		7,258	6,313
Loss on disposal of fixed assets		(692)	(274)
		613,620	628,987
Operating overheads			
Staff costs	4	(298,891)	(288,923)
Depreciation		(33,793)	(44,079)
Other operating overheads		(289,233)	(263,079)
Operating (Loss)/Profit	3	(8,297)	32,906
Interest receivable and similar income		2,723	3,704
Interest payable and similar charges	5	(8,923)	(12,795)
(Loss)/Profit on ordinary activities before taxation		(14,497)	23,815
Tax	6	2,453	28
(Loss)/Profit for the financial year	12	(16,950)	23,787

All amounts relate to continuing activities

Statement of total recognised gains and losses

for the year ended 31 December 2012

There are no recognised gains or losses other than the loss attributable to the shareholders of the company of £16,950 in the year ended 31 December 2012 (2011 – profit of £23,787).

Balance sheet

at 31 December 2012

	Notes	2012 £	2011 £
Fixed assets			
Tangible assets	7	1,376,337	978,384
Current assets			
Stocks		10,327	12,479
Debtors	8	1,227,183	1,186,242
Cash at bank and in hand		1,975	95,280
		1,239,485	1,294,001
Creditors: amounts falling due within one year	9	(313,189)	(169,374)
Net current assets		926,296	1,124,267
Total assets less current liabilities		2,302,633	2,102,651
Creditors: amounts falling due after more than one year	10	(596,932)	(380,000)
Net assets		1,705,701	1,722,651
Capital and reserves			
Called up share capital	11	2,000,100	2,000,100
Profit and loss account	12	(294,399)	(277,449)
Shareholders' funds	12	1,705,701	1,722,651

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



A D M MacDonald

Director

17th December 2013

Notes to the financial statements

at 31 December 2012

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful life, as follows:

Freehold property	–	2% per annum
Furniture, fittings and equipment	–	20% per annum
Motor vehicles	–	25% per annum

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks

Stocks, which comprise consumable goods for resale, are stated at the lower of cost and net realisable value. Cost represents purchase cost on a first-in, first-out basis.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exception:

- Deferred tax assets are recognised only to the extent that the directors consider that it is 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 is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Operating leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Government grants

Government grants in respect of capital expenditure are credited to a deferred income account and are released to the profit and loss account over the expected useful lives of the relevant assets by equal annual instalments.

2. Turnover

Turnover, which is stated net of value added tax, represents sales of goods and services to third parties within the United Kingdom.

Notes to the financial statements

at 31 December 2012

3. Operating loss

This is stated after charging:

	2012	2011
	£	£
Auditors' remuneration	5,000	5,000
Depreciation of owned fixed assets	33,792	44,079

4. Staff costs

	2012	2011
	£	£
Wages and salaries	276,248	266,064
Social security costs	22,643	22,859
	298,891	288,923

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

	No.	No.
Hotel management and staff	15	16

5. Interest payable and similar charges

	2012	2011
	£	£
Bank interest	8,923	12,795

6. Tax

(a) Tax on loss on ordinary activities

The tax charge is made up as follows:

	2012	2011
	£	£
Current tax:		
UK corporation tax on the loss for the year	1,507	750
Adjustments in respect of prior periods	946	(722)
	2,453	28

Notes to the financial statements

at 31 December 2012

6. Tax (continued)

(b) Factors affecting current tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 20% (2011 – 20.25%). The differences are explained below:

	2012 £	2011 £
(Loss)/profit on ordinary activities before tax	(14,497)	21,506
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2011 – 20.25%)	(2,899)	4,355
<i>Effects of:</i>		
Utilisation of brought forward losses	(247)	(4,110)
Decelerated capital allowances	3,658	(412)
Expenses not deductible for tax purposes	995	917
Prior period adjustments	946	(722)
Current tax for the year (note 6(a))	2,453	28

A deferred tax of £29,944 (2011 – £27,044) consisting of tax losses carried forward and decelerated capital allowances has not been recognised as there is insufficient evidence as to its recoverability in the foreseeable future.

7. Tangible fixed assets

	<i>Freehold land and buildings</i> £	<i>Furniture, fittings and equipment</i> £	<i>Motor vehicles</i> £	<i>Total</i> £
Cost or valuation:				
At 1 January 2012	952,108	314,228	–	1,266,336
Additions	403,895	9,547	18,995	432,438
Disposals	–	(7,525)	–	(7,525)
At 31 December 2012	1,356,003	316,250	18,995	1,691,249
Depreciation:				
At 1 January 2012	43,932	244,020	–	287,952
Provided during the year	6,851	24,725	2,216	33,792
Disposals	–	(6,833)	–	(6,833)
At 31 December 2012	50,783	261,912	2,216	314,911
Net book value:				
At 31 December 2012	1,305,220	54,338	16,779	1,376,337
At 1 January 2012	908,176	70,208	–	978,384

Notes to the financial statements

at 31 December 2012

8. Debtors

	2012	2011
	£	£
Trade debtors	1,599	7,529
Amounts due from related parties (refer to note 13)	1,137,106	1,114,857
Prepayments	21,899	37,148
Other taxes and social security costs	62,293	-
Other debtors	4,286	26,708
	<u>1,227,183</u>	<u>1,186,242</u>

9. Creditors: amounts falling due within one year

	2012	2011
	£	£
Bank overdraft	68,617	-
Amounts due to related parties (refer to note 13)	75,000	75,000
Trade creditors	107,457	35,067
Current corporation tax	3,203	750
Other taxes and social security costs	6,137	10,326
Obligations under hire purchase contracts	3,688	-
Other creditors	7,554	14,714
Accruals	41,533	33,877
	<u>313,189</u>	<u>169,734</u>

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

	2012	2011
	£	£
Loan from related parties	100,000	100,000
Bank Loan	-	280,000
Directors' Loans	487,627	-
Obligations under hire purchase contracts	9,305	-
	<u>596,932</u>	<u>380,000</u>

The bank overdraft is secured by means of a bond and floating charge over the company's assets.

The company took out a bank loan for £350,000 in March 2010 repayable in quarterly instalments of £10,000. The loan was repaid in full on September 2012.

The directors of the company have granted a deed of indemnity to the bank in connection with certain borrowing facilities and have entered into a guarantee with the company under which they have undertaken to provide such funds as may be required to enable the company to fulfil its obligations in respect of loan and overdraft facilities.

Notes to the financial statements

at 31 December 2012

11. Issued share capital

	No.	2012 £	No.	2011 £
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	2,000,100	<u>2,000,100</u>	2,000,100	<u>2,000,100</u>

12. Reconciliation of shareholders' funds and movements on reserves

	Share capital £	Profit and loss account £	Total share- holders' funds £
At 1 January 2011	2,000,100	(301,236)	1,698,864
Profit for the year	—	23,787	23,787
At 1 January 2012	<u>2,000,100</u>	<u>(277,449)</u>	<u>1,722,651</u>
(Loss) for the year	-	(16,950)	(16,950)
At 31 December 2012	<u>2,000,100</u>	<u>(294,399)</u>	<u>1,705,701</u>

13. Related party transactions

	Included in debtors note 8 2012 £	2011 £	Included in creditors note 9 2012 £	2011 £
Edinburgh Assets Limited	119,142	129,142	-	-
Standard Property Investment Limited	300,721	297,481	-	-
MacDonald Orr Limited	126,280	102,071	-	-
Queen Street Investments Limited	582,516	580,956	-	-
Nursing Home Management Limited	-	-	75,000	75,000
First Edinburgh Homes Limited	5,207	5,207	-	-
	<u>1,137,106</u>	<u>1,114,857</u>	<u>75,000</u>	<u>75,000</u>

All these companies are controlled by A D M MacDonald and J A M Orr. All balances represent temporary loans to/from these companies.