Company Registration No. SC205657 (Scotland)

DORNOCH CASTLE HOTEL LIMITED

UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

PAGES FOR FILING WITH REGISTRAR

DORNOCH CASTLE HOTEL LIMITED

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DORNOCH CASTLE HOTEL LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

	2018 £	2017 £
(Loss)/profit for the year	(77,420)	30,558
Other comprehensive income		
Revaluation of property, plant and equipment	(20,972)	(20,972)
Total comprehensive income for the year	(98,392)	9,586

DORNOCH CASTLE HOTEL LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	Notes	£	2018 £	£	2017 £
Non-current assets					
Property, plant and equipment	3		1,779,733		1,827,136
Current assets					
Inventories		50,706		49,462	
Trade and other receivables	4	14,332		54,351	
Cash and cash equivalents		43,247		27,037	
		108,285		130,850	
Current liabilities	5	(397,077)		(218,341)	
Net current liabilities			(288,792)		(87,491)
Total assets less current liabilities			1,490,941		1,739,645
Non-current liabilities	6		(1,397,111)		(1,568,395)
Net assets			93,830		171,250
Equity					
Called up share capital	7		30,000		30,000
Revaluation reserve			847,626		868,598
Retained earnings			(783,796)		(727,348)
Total equity			93,830		171,250

DORNOCH CASTLE HOTEL LIMITED

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 JUNE 2018

The directors of the company have elected not to include a copy of the income statement within the financial statements.

For the financial year ended 30 June 2018 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The member has not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 14 October 2018 and are signed on its behalf by:

Colin Thompson
Director

Company Registration No. SC205657

DORNOCH CASTLE HOTEL LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2018

	Share capital	Revaluation reserve	Retained earnings	Total
	£	£	£	£
Balance at 1 July 2016	30,000	889,570	(778,878)	140,692
Year ended 30 June 2017:				
Profit for the year	-	-	30,558	30,558
Other comprehensive income:				
Revaluation of property, plant and equipment	-	(20,972)	-	(20,972)
Total comprehensive income for the year	-	(20,972)	30,558	9,586
Transfers	-	-	20,972	20,972
Balance at 30 June 2017	30,000	868,598	(727,348)	171,250
Year ended 30 June 2018:				
Loss for the year	-	-	(77,420)	(77,420)
Other comprehensive income:				
Revaluation of property, plant and equipment	-	(20,972)	-	(20,972)
Total comprehensive income for the year	-	(20,972)	(77,420)	(98,392)
Transfers	-	-	20,972	20,972
Balance at 30 June 2018	30,000	847,626	(783,796)	93,830

1 Accounting policies

Company information

Dornoch Castle Hotel Limited is a private company limited by shares incorporated in Scotland. The registered office is Castle Street, DORNOCH, Sutherland, IV25 3SD.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary a mounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

The company meets its day to day working capital requirements through an overdraft facility which is secured over the assets of the company. The directors have no reason to believe that this support will be withdrawn. On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis. The financial statements do not include any adjustments that would result from a withdrawal of the support by the bank.

1.3 Revenue

Turnover represents amounts receivable from accommodation, food and bar sales net of value added tax and trade discounts.

Revenue from the sale of accommodation, food and bar goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings Freehold	2% straight line
Plant and machinery	25% straight line
Fixtures, fittings and equipment	15% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1 **Accounting policies** **(Continued)**

1.5 Impairment of non-current assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Inventories held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of inventories over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1 **Accounting policies** **(Continued)**

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1 Accounting policies **(Continued)**

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 30 (2017 - 30).

3 **Property, plant and equipment**

	Land and buildings	Plant and machinery etc	Total
	£	£	£
Cost or valuation			
At 1 July 2017	2,176,152	474,911	2,651,063
Additions	2,454	5,333	7,787
At 30 June 2018	2,178,606	480,244	2,658,850
Depreciation and impairment			
At 1 July 2017	421,461	402,466	823,927
Depreciation charged in the year	43,523	11,667	55,190
At 30 June 2018	464,984	414,133	879,117
Carrying amount			
At 30 June 2018	1,713,622	66,111	1,779,733
At 30 June 2017	1,754,691	72,445	1,827,136

If revalued assets were stated on a historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	2018	2017
	£	£
Cost	595,712	589,276
Accumulated depreciation	(183,205)	(171,291)
Carrying value	412,507	417,985

Freehold land and buildings with a carrying amount of £1,713,622 (2017 - £1,754,691) have been pledged to secure borrowings of the company. The company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

4 **Trade and other receivables**

Amounts falling due within one year:	2018 £	2017 £
Trade receivables	5,575	11,616
Other receivables	8,757	42,735
	14,332	54,351

5 Current liabilities

	2018	2017
	£	£
Bank loans and overdrafts	147,622	-
Trade payables	43,690	50,353
Other taxation and social security	53,244	93,075
Other payables	152,521	74,913
	397,077	218,341

6 Non-current liabilities

	2018	2017
	£	£
Bank loans and overdrafts	1,397,111	1,568,395

7 Called up share capital

	2018	2017
	£	£
Ordinary share capital		
Issued and fully paid		
30,000 Ordinary shares of £1 each	30,000	30,000
	30,000	30,000

8 Directors' transactions

During the year the company received advances from Dornoch Distillery Ltd totalling £3,498 and repaid £13,620 leaving a balance of £8,757 due to the company at 30 June 2018 (2017 - £1,365 due by the company). Dornoch Distillery Ltd is controlled by similar directors of the company.

Advances or credits have been granted by the company to its directors as follows:

Description	% Rate	Opening balance	Amounts repaid	Closing balance
		£	£	£
Colin Thompson - Loan	-	34,913	(94,187)	(59,274)
		34,913	(94,187)	(59,274)

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.