

Company Registration Number: SC256751

Surgeons Lodge Limited T/A Ten Hill Place Hotel
Financial Statements
For the year ended
31 December 2017



SCT *S7DØFPCØ* #1
24/08/2018
COMPANIES HOUSE



Surgeons Lodge Limited T/A Ten Hill Place Hotel

Financial Statements

Year ended 31 December 2017

Contents	Page
Officers and professional advisers	1
Directors' report	2
Independent auditor's report to the member	4
Statement of comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9
Notes to the financial statements	10
The following pages do not form part of the financial statements	
Detailed income statement	19
Notes to the detailed income statement	20

Surgeons Lodge Limited T/A Ten Hill Place Hotel

Officers and Professional Advisers

The Board of Directors

G C Borthwick (Chairman)
L N M Young (Vice-chairman)
E C Colingsworth
J N Gibson
RJ Montgomery
A Rooney
M Skinner
A N Story

Company Secretary

A Rooney

Registered Office

The Royal College of Surgeons of Edinburgh
Nicolson Street
Edinburgh
EH8 9DW

Auditor

Chiene + Tait LLP
Chartered Accountants
61 Dublin Street
Edinburgh
EH3 6NL

Bankers

The Royal Bank of Scotland
30 Nicolson Street
Edinburgh
EH8 9DL

Solicitors

Turcan Connell
Princes Exchange
1 Earl Grey Street
Edinburgh
EH3 9EE

Surgeons Lodge Limited T/A Ten Hill Place Hotel

Directors' Report

Year ended 31 December 2017

The directors present their report and the financial statements of the company for the year ended 31 December 2017.

Principal activities

The principal activities of the company continued to be that of the management of a hotel, events and food and beverage business.

Results

SLL runs the Commercial activities of the Royal College of Surgeons of Edinburgh, primarily Ten Hill Place Hotel, various Events locations, and Café outlet, and continues to grow from strength to strength.

SLL has benefitted from the opportunities offered by the addition of the Prince Philip Building, the refurbished museums, and Café 1505 to the College's campus. These additional venues contributed to the growth in SLL's business through hosting a greater number of commercial events at the College and, consequently, 2017 has been SLL's most successful turnover year to date. The growth is anticipated to continue as work commenced in 2017 with the extension of Ten Hill Place Hotel, with 52 additional bedrooms alongside a new restaurant and bar outlet, expected to open mid-2018.

The year to 31 December 2017 saw total turnover generated of £5,456,858 (2016: £4,851,566), an increase of £605,292 (12.5%) from that achieved in 2016. With cost of sales increasing broadly in line with turnover, a gross profit of £2,392,320, being 44%, has been achieved (2016 being 46.5%). Administrative expenses have decreased year on year by £179,701 and this is primarily attributable to the fact that the Gift Aid donation is now shown as a distribution from reserves, as per recent changes under FRS 102. The Gift Aid donation amounted to £546,974 (2016: £440,247) has been declared to the College. Within administrative expenses there was an increase of £157,650 in lease costs payable to the parent company, the Royal College of Surgeons of Edinburgh. As a result of the increased lease payment of £157,650 and the reclassification of the Gift Aid to the College this has resulted in a profit before taxation of £412,048 for the year (2016: Profit of £200,410).

Directors

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

G C Borthwick
L N M Young
E C Colingsworth
J N Gibson
RJ Montgomery
A Rooney
M Skinner
A N Story

Directors' responsibilities statement

The directors are responsible for preparing 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 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 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 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.

Surgeons Lodge Limited T/A Ten Hill Place Hotel

Directors' Report *(continued)*

Year ended 31 December 2017

Directors' responsibilities statement *(continued)*

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.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

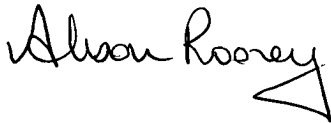
- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

This report was approved by the board of directors on
signed on behalf of the board by:

03/08 2018 and



A Rooney
Company Secretary

Surgeons Lodge Limited T/A Ten Hill Place Hotel

Independent Auditor's Report to the Member of Surgeons Lodge Limited T/A Ten Hill Place Hotel

Year ended 31 December 2017

Opinion

We have audited the financial statements of Surgeons Lodge Limited T/A Ten Hill Place Hotel (the 'company') for the year ended 31 December 2017 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

This report is made solely to the company's member, 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 member 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Surgeons Lodge Limited T/A Ten Hill Place Hotel

Independent Auditor's Report to the Member of Surgeons Lodge Limited T/A Ten Hill Place Hotel *(continued)*

Year ended 31 December 2017

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Director's 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 the 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; and
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors reports and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Surgeons Lodge Limited T/A Ten Hill Place Hotel

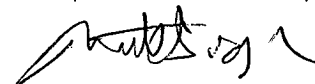
Independent Auditor's Report to the Member of Surgeons Lodge Limited T/A Ten Hill Place Hotel *(continued)*

Year ended 31 December 2017

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.



Jeremy Chittleburgh BSc CA (Senior Statutory Auditor)

For and on behalf of
Chiene + Tait LLP
Chartered Accountants & Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

21 August 2018

Surgeons Lodge Limited T/A Ten Hill Place Hotel

Statement of Comprehensive Income

Year ended 31 December 2017

	Note	2017 £	2016 £
Turnover		5,456,858	4,851,566
Cost of sales		(3,064,538)	(2,593,219)
Gross profit		2,392,320	2,258,347
Distribution costs		(335,575)	(229,928)
Administrative expenses		(1,644,755)	(1,824,456)
Operating profit		411,990	203,963
Interest receivable		58	1,673
Interest payable		—	(5,226)
Profit before taxation	6	412,048	200,410
Taxation on ordinary activities	7	469	(50,008)
Profit for the financial year and total comprehensive income		412,517	150,402

All the activities of the company are from continuing operations.

The notes on pages 10 to 17 form part of these financial statements.

Surgeons Lodge Limited T/A Ten Hill Place Hotel

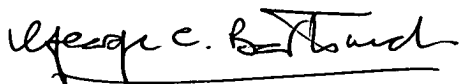
Statement of Financial Position

31 December 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	8	597,899	758,491
Current assets			
Stocks		77,286	31,344
Debtors	9	517,296	398,364
Cash at bank and in hand		1,560,529	964,856
		<u>2,155,111</u>	<u>1,394,564</u>
Creditors: amounts falling due within one year	10	<u>(1,707,932)</u>	<u>(973,051)</u>
Net current assets		<u>447,179</u>	<u>421,513</u>
Total assets less current liabilities		<u>1,045,078</u>	<u>1,180,004</u>
Provisions			
Taxation including deferred tax		(13,791)	(14,260)
Net assets		<u>1,031,287</u>	<u>1,165,744</u>
Capital and reserves			
Called up share capital		100	100
Profit and loss account		1,031,187	1,165,644
Shareholder funds		<u>1,031,287</u>	<u>1,165,744</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

These financial statements were approved by the board of directors and authorised for issue on 03/08 2018, and are signed on behalf of the board by:



G C Borthwick

Company registration number: SC256751

The notes on pages 10 to 17 form part of these financial statements.

Surgeons Lodge Limited T/A Ten Hill Place Hotel

Statement of Changes in Equity

Year ended 31 December 2017

	Called up share capital £	Profit and loss account £	Total £
At 1 January 2016	100	1,015,242	1,015,342
Profit for the year	–	150,402	150,402
Total comprehensive income for the year	–	150,402	150,402
At 31 December 2016	100	1,165,644	1,165,744
Profit for the year	–	412,517	412,517
Distributions – gift aid	–	(546,974)	(546,974)
Total comprehensive income for the year	–	(134,457)	(134,457)
At 31 December 2017	100	1,031,187	1,031,287

The notes on pages 10 to 17 form part of these financial statements.

Surgeons Lodge Limited T/A Ten Hill Place Hotel

Notes to the Financial Statements

Year ended 31 December 2017

1. General information

Surgeons Lodge Limited T/A Ten Hill Place Hotel is a private company limited by shares, registered in Scotland. The address of the registered office is The Royal College of Surgeons of Edinburgh, Nicolson Street, Edinburgh, EH8 9DW.

2. Statement of compliance

These financial statements have been prepared in compliance with Section 1A of FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

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 Republic of Ireland' ("FRS102") issued by the Financial Reporting Council, and applicable legislation as set out in the Companies Act 2006. The financial statements have been presented in Pounds Sterling as this is the functional and presentational currency of the Company.

Pensions

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Going concern

The financial statements have been prepared on a going concern basis. The directors have assessed the Company's ability to continue as a going concern and have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing these financial statements.

Changes in accounting estimates

The company capitalised certain assets during the year-ended 31 December 2013, and as a result of planned redevelopment works which have been contractually committed within the next financial year, the expected useful economic life of these assets has now been foreshortened to 31 March 2018, a total period of 5 1/4 years.

The depreciation charge has therefore been recalculated to take effect of the new expected pattern of consumption of these assets, and the impact of this is that an additional depreciation charge of £92,569 has been provided for in the year-ended 31 December 2017. The carrying value of these assets has been reduced from £102,313 (original pattern of consumption) to £9,744 (revised pattern of consumption).

The estimated impact of this change in accounting estimate on future accounting periods is to reduce the expected depreciation charge under the original pattern of consumption by £10,718 in respect of the year-ended 31 December 2018, by which point the assets shall be fully amortised.

Surgeons Lodge Limited T/A Ten Hill Place Hotel

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

3. Accounting policies *(continued)*

Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. As 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. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

i) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 8 for carrying amounts of tangible assets.

ii) Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 9 for carrying amount of debtors.

Revenue recognition

Turnover represents amounts receivable from room revenue, event hire and income from food and beverage net of VAT. Revenue is recognised when rooms are occupied, events take place, and food and beverages are sold.

Income tax

Taxation expense for the period comprises current and deferred tax. Tax currently payable, relating to UK corporation tax, is calculated on the basis of tax rates and laws that have been enacted or substantively enacted as at the reporting date.

Deferred tax is recognised on all timing differences that have originated but not reversed at the reporting date. Transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future gives rise to a deferred tax liability or asset. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted as at the reporting date that are expected to apply to the reversal of the timing difference. The tax expense is recognised in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense.

Deferred income tax assets are only recognised to the extent that, on the basis of all available evidence, it is deemed probable that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Current and deferred tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and there is the intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Surgeons Lodge Limited T/A Ten Hill Place Hotel

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

3. Accounting policies *(continued)*

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Tenant's Improvements	- 10% straight line from completion
Machinery and Equipment	- 10% straight line
Furniture and Fixtures	- 20% straight line
Computer Equipment	- 25% straight line

Impairment of fixed assets

At each reporting date the Company reviews the carrying value of its 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.

The recoverable amount of an asset is the higher of the fair value less costs to sell, and value in use. Value in use is the present value of the future cash flows expected to be derived from the asset, or cash generating unit. The present value calculation involves estimating the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal, applying an appropriate discount rate to those future cash flows.

Where the recoverable amount of an asset is less than the carrying amount, an impairment loss is recognised immediately in profit or loss. An impairment loss recognised for all assets is reversed in a subsequent period if, and only if, the reasons for the impairment loss have ceased to apply. Impairment losses are charged to profit or loss in administration expenses.

Stocks

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

Surgeons Lodge Limited T/A Ten Hill Place Hotel

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

3. Accounting policies *(continued)*

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Surgeons Lodge Limited T/A Ten Hill Place Hotel

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

4. Auditor's remuneration

	2017 £	2016 £
Fees payable for the audit of the financial statements	5,500	5,300
Fees payable for other services	-	1,600

5. Particulars of employees

The average number of persons employed by the company during the year amounted to 90 (2016: 69). Non-executive directors were not remunerated for their services in either the current or prior year.

6. Profit before taxation

Profit before taxation is stated after charging:

	2017 £	2016 £
Depreciation of tangible assets	290,705	199,627

7. Taxation on ordinary activities

Major components of tax expense

	2017 £	2016 £
Deferred tax:		
Origination and reversal of timing differences	469	(50,008)
Taxation on ordinary activities	469	(50,008)

Reconciliation of tax expense

The tax assessed on the (loss)/profit on ordinary activities for the year is higher (2016: higher) than the standard rate of corporation tax in the UK of 19.25% (2016: 20%).

	2017 £	2016 £
Profit on ordinary activities before taxation	412,048	200,410
Income tax calculated on ordinary activities by rate of tax	79,319	(40,082)
Effect of expenses not deductible for tax purposes	24,328	(10,677)
Gift Aid donations	(105,274)	
Effect of different UK tax rates on some earnings	2,096	751
Tax on profit	469	(50,008)

Factors affecting the tax charge

A reduction in the UK corporation tax rate from 20% to 19% took effect from 1 April 2017. A further reduction from 19% to 17% was also enacted and will take effect from 1 April 2020.

Surgeons Lodge Limited T/A Ten Hill Place Hotel

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

8. Tangible assets

	Tenant's Improvem'ts £	Machinery and Equipment £	Furniture and Fixtures £	Computer Equipment £	Total £
Cost					
At 1 January 2017	523,778	320,910	291,496	205,541	1,341,725
Additions	32,355	55,984	39,729	2,045	130,113
At 31 December 2017	556,133	376,894	331,225	207,586	1,471,838
Depreciation					
At 1 January 2017	137,192	217,669	126,094	102,279	583,234
Charge for the year	150,679	48,856	51,525	39,645	290,705
At 31 December 2017	287,871	266,525	177,619	141,924	873,939
Carrying amount					
At 31 December 2017	268,262	110,369	153,606	65,662	597,899
At 31 December 2016	386,586	103,241	165,402	103,262	758,491

9. Debtors

	2017 £	2016 £
Trade debtors	432,884	333,580
Other debtors	84,412	64,784
	517,296	398,364

10. Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	149,633	100,336
Amounts owed to group undertakings	1,199,999	568,381
Social security and other taxes	205,123	146,831
Other creditors	153,177	157,503
	1,707,932	973,051

Surgeons Lodge Limited T/A Ten Hill Place Hotel

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

11. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2017 £	2016 £
Included in provisions	<u>(13,791)</u>	<u>(14,260)</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2017 £	2016 £
Accelerated capital allowances	(14,260)	(15,020)
Deferred tax - other timing differences	<u>469</u>	<u>760</u>
	<u>(13,791)</u>	<u>(14,260)</u>

There are no unrelieved tax losses carried forward at 31 December 2017. Deferred tax has been provided for in these financial statements at 19% (2016: 19%). The net reversal of deferred tax assets and liabilities in 2018 is not possible to quantify at this stage but this is not expected to be significant.

12. Employee benefits

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £21,121 (2016: £20,461). Contributions totalling £Nil (2016: £Nil) were payable to the fund at the year-end.

13. Commitments under operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2017 £	2016 £
Not later than 1 year	700,000	550,000
Later than 1 year and not later than 5 years	2,080,000	1,480,000
Later than 5 years	<u>4,030,000</u>	<u>3,237,500</u>
	<u>6,810,000</u>	<u>5,267,500</u>

Within lease commitments are an annually renewable £180,000 lease and a £520,000 per annum 20-year lease of property from the Royal College of Surgeons of Edinburgh.

Surgeons Lodge Limited T/A Ten Hill Place Hotel

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

14. Related party transactions

During the year the company carried out various transactions in the normal course of business with The Royal College of Surgeons of Edinburgh, the sole shareholder of the company.

Details of the relevant transactions are as follows:

Property rental expenses: £759,108 (2016: £601,548)

Management charges: £39,000 (2016: £50,000)

Recharge of staff costs by the College: £93,383 (2016: £90,476)

Interest on intercompany loan: £Nil (2016: £5,226)

Sales by the company to the College: £547,763 (2016: £544,493)

At 31 December 2017, the following balances were outstanding:

Due to The Royal College of Surgeons of Edinburgh: £1,199,999 (2016: £568,381).

15. Controlling party

In the opinion of the directors the ultimate controlling party is The Royal College of Surgeons of Edinburgh, by way of being the sole shareholder of the company.