Company Registration No. SC307014 (Scotland)

ST OLA HOTEL LIMITED

UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

PAGES FOR FILING WITH REGISTRAR

ST OLA HOTEL LIMITED

COMPANY INFORMATION

Director	Mr R Hutchison
Secretary	Mr T Hutchison
Company number	SC307014
Registered office	Harbour Street Kirkwall Orkney KW15 1LE
Accountants	A.J.B. Scholes Limited 8 Albert Street Kirkwall Orkney KW15 1HP
Bankers	Royal Bank of Scotland 1 Victoria Street Kirkwall Orkney KW15 1DP

ST OLA HOTEL LIMITED

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ST OLA HOTEL LIMITED

REPORT TO THE DIRECTOR ON THE PREPARATION OF THE UNAUDITED STATUTORY ACCOUNTS OF ST OLA HOTEL LIMITED

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of St Ola Hotel Limited for the year ended 31 August 2017 set out on pages to 10 from the company's accounting records and from information and explanations you have given us.

As a practising member firm of the ICAS we are subject to its ethical and other professional requirements which are detailed at https://www.icas.com/FrameworkforthePreparationofAccounts.

This report is made solely to the Board of Directors of St Ola Hotel Limited, as a body, in accordance with the terms of our engagement letter dated 21 September 2008. Our work has been undertaken solely to prepare for your approval the financial statements of St Ola Hotel Limited and state those matters that we have agreed to state to the Board of Directors of St Ola Hotel Limited, as a body, in this report in accordance with the requirements of the ICAS as detailed at https://www.icas.com/FrameworkforthePreparationofAccounts. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than St Ola Hotel Limited and its Board of Directors as a body, for our work or for this report.

It is your duty to ensure that St Ola Hotel Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and profit of St Ola Hotel Limited. You consider that St Ola Hotel Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of St Ola Hotel Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.

A.J.B. Scholes Limited

Chartered Accountants

13 March 2018

8 Albert Street
Kirkwall
Orkney
KW15 1HP

ST OLA HOTEL LIMITED

BALANCE SHEET

AS AT 31 AUGUST 2017

	Notes	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Intangible assets	**3**		30,772		36,158
Tangible assets	**4**		1,236,454		794,396
			1,267,226		830,554
Current assets					
Stocks		14,530		10,354	
Debtors	**5**	19,394		1,659	
Cash at bank and in hand		121,784		113,389	
		155,708		125,402	
Creditors: amounts falling due within one year	**6**	(390,009)		(372,855)	
Net current liabilities			(234,301)		(247,453)
Total assets less current liabilities			1,032,925		583,101
Creditors: amounts falling due after more than one year	**7**		(706,080)		(289,590)
Provisions for liabilities	**9**		(30,239)		(22,459)
Net assets			296,606		271,052
Capital and reserves					
Called up share capital	**10**		1		1
Capital redemption reserve			1		1
Profit and loss reserves			296,604		271,050
Total equity			296,606		271,052

The director of the company has elected not to include a copy of the profit and loss account within the financial statements.

For the financial year ended 31 August 2017 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The director acknowledges his responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

The members have 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.

BALANCE SHEET (CONTINUED)

AS AT 31 AUGUST 2017

The financial statements were approved and signed by the director and authorised for issue on 13 March 2018

Mr R Hutchison
Director

Company Registration No. SC307014

1 Accounting policies

Company information

St Ola Hotel Limited is a private company limited by shares incorporated in Scotland. The registered office is Harbour Street, Kirkwall, Orkney, KW15 1LE.

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. The principal accounting policies adopted are set out below.

These financial statements for the year ended 31 August 2017 are the first financial statements of St Ola Hotel Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 September 2015. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

1.2 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT.

Revenue from the sale of 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.

1.3 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is ten years.

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

Amortisation 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:

Software	20% straight line

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

1 Accounting policies **(Continued)**

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
Leasehold improvements	straight line over lease term
Plant and machinery	20% reducing balance
Fixtures, fittings & equipment	20% reducing balance
Motor vehicles	20% 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.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible 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.

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price. Cost comprises direct materials for resale and certain items held for consumption in the course of normal trade.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks 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.

1.8 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1 Accounting policies **(Continued)**

1.9 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 balance sheet 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.

Basic financial assets

Basic financial assets, which include debtors 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 creditors, 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 creditors 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 creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

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 profit and loss account 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 profit and loss account, 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 fixed 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.

1.14 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 31 (2016 - 29).

3 **Intangible fixed assets**

	Goodwill	Software	Total
	£	£	£
Cost			
At 1 September 2016 and 31 August 2017	50,000	1,930	51,930
Amortisation and impairment			
At 1 September 2016	15,000	772	15,772
Amortisation charged for the year	5,000	386	5,386
At 31 August 2017	20,000	1,158	21,158
Carrying amount			
At 31 August 2017	30,000	772	30,772
At 31 August 2016	35,000	1,158	36,158

4 **Tangible fixed assets**

	Land and buildings	Plant and machinery etc	Total
	£	£	£
Cost			
At 1 September 2016	874,865	175,136	1,050,001
Additions	412,481	62,935	475,416
Disposals	-	(783)	(783)
At 31 August 2017	1,287,346	237,288	1,524,634
Depreciation and impairment			
At 1 September 2016	167,272	88,334	255,606
Depreciation charged in the year	15,042	18,058	33,100
Eliminated in respect of disposals	-	(526)	(526)
At 31 August 2017	182,314	105,866	288,180
Carrying amount			
At 31 August 2017	1,105,032	131,422	1,236,454
At 31 August 2016	707,593	86,803	794,396

5 **Debtors**

	2017	2016
Amounts falling due within one year:	£	£
Other debtors	19,394	1,659

6 Creditors: amounts falling due within one year

	2017	2016
	£	£
Bank loans and overdrafts	45,215	37,685
Trade creditors	54,677	30,090
Other taxation and social security	39,803	52,781
Other creditors	250,314	252,299
	390,009	372,855

Creditors falling due within one year include interest free loans from the director of £235,842 (2016: £236,181). There are no formal repayment terms.

7 Creditors: amounts falling due after more than one year

	2017	2016
	£	£
Bank loans and overdrafts	706,080	289,590

Amounts included above which fall due after five years are as follows:

Payable by instalments	457,269	125,234

8 Loans and overdrafts

	2017	2016
	£	£
Bank loans	751,295	327,275
Other loans	1,275	1,275
	752,570	328,550
Payable within one year	46,490	38,960
Payable after one year	706,080	289,590

The company has granted to the Royal Bank of Scotland PLC a standard security over freehold property and a bond and floating charge, as security for all bank loans.

9 Provisions for liabilities

	2017	2016
	£	£
Deferred tax liabilities	30,239	22,459

10 Called up share capital

	2017	2016
	£	£
Ordinary share capital		
Issued and fully paid		
100 Ordinary shares of 1p each	1	1
	1	1

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.