

Company Registration No. SC025810 (Scotland)

Inverlochy Castle Limited

**Annual report and financial statements
for the year ended 31 March 2018**



Saffery Champness
CHARTERED ACCOUNTANTS

Inverlochy Castle Limited

Company information

Directors	Jen Chai King Chai Qan Chai
Secretary	Christine Herbert
Company number	SC025810
Registered office	Inverlochy Castle Hotel Torlundy Fort William Inverness-shire PH33 6SN
Independent auditor	Saffery Champness LLP Kintail House Beechwood Park Inverness IV2 3BW
Business address	Inverlochy Castle Hotel Torlundy Fort William Inverness-shire PH33 6SN
Bankers	The Royal Bank of Scotland plc 6 High Street Fort William PH33 6AS
Solicitors	Turcan Connell Princes Exchange 1 Earl Grey Street Edinburgh EH3 9EE

Inverlochy Castle Limited

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Inverlochy Castle Limited

Strategic report

For the year ended 31 March 2018

The directors present the strategic report for the year ended 31 March 2018.

Fair review of the business

Inverlochy Castle Hotel and Rocpool Reserve Hotel continued to uphold their reputation as two of Scotland's foremost luxury hotels.

The company's revenue has increased by 19.1% compared to last year, resulting in total revenue for the year being £4,796,116 up from £4,023,955. Gross profit margin has increased from 43% in the year to 31 March 2017 to 45% in the year to 31 March 2018. The increase in turnover and efficient cost management has been a key driver in the company's significantly improved profit before tax of £372,888 up from £182,289.

Principal risks and uncertainties

The main risk to the company is how market conditions impact on the hotel and restaurant industry and the likelihood of difficult economic conditions continuing into the coming years. However the directors continue to minimise this risk by means of maintaining and marketing the company's reputation for quality.

Development and performance

To continue to provide customers with a quality service in the hotels and restaurants it operates is the most important aspect of the company's objectives. The quality of service provided to guests is monitored constantly and there is an ongoing staff training programme designed to ensure that standards are maintained and improved wherever possible.

The company has an ongoing marketing programme to ensure that occupation levels and revenues are maximised throughout the year.

Going concern

It is the opinion of the directors that the going concern basis of accounting is appropriate as, despite the company being dependent on its directors and the bank for support, there is no evidence of this support being withdrawn.

On behalf of the board



Jen Chai

Director

4/12/18

Inverlochy Castle Limited

Directors' report

For the year ended 31 March 2018

The directors present their report and financial statements for the year ended 31 March 2018.

Principal activities

The principal activity of the company continued to be that of hoteliers in the operation of Inverlochy Castle Hotel and Rocpool Reserve Hotel.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Jen Chai
King Chai
Qan Chai

Results and dividends

The results for the year are set out on page 7.

No interim dividend has been paid and the directors do not recommend a final dividend.

Market value of land and buildings

In the opinion of the directors the market value of land and buildings exceeds the current net book value.

Future developments

The company intends to use its current strength to improve its service to customers by investing further in its existing facilities.


Auditor

Saffery Champness LLP have expressed their willingness to continue in office.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



Jen Chai

Director

Date: 4/12/18

Inverlochy Castle Limited

Directors' responsibilities statement For the year ended 31 March 2018

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 judgements 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 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.

Inverlochy Castle Limited

Independent auditor's report

To the members of Inverlochy Castle Limited

Opinion

We have audited the financial statements of Inverlochy Castle Limited (the 'company') for the year ended 31 March 2018 which comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, 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 March 2018 and of its profit 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.

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.

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.

Inverlochy Castle Limited

Independent auditor's report (continued)

To the members of Inverlochy Castle Limited

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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 our 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.

Matters on which we are required to report by exception

In the 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 and 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.

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.

Inverlochy Castle Limited

Independent auditor's report (continued)
To the members of Inverlochy Castle Limited

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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.

Saffery Champness LLP

Eunice McAdam (Senior Statutory Auditor)
for and on behalf of Saffery Champness LLP

17 December 2018

Chartered Accountants
Statutory Auditors

Kintail House
Beechwood Park
Inverness
IV2 3BW

Inverlochy Castle Limited**Income statement****For the year ended 31 March 2018**

		2018	2017
	Notes	£	£
Revenue	3	4,796,116	4,023,955
Cost of sales		(2,608,340)	(2,295,148)
Gross profit		2,187,776	1,728,807
Administrative expenses		(1,909,568)	(1,640,348)
Other operating income		108,873	110,762
Operating profit	7	387,081	199,221
Investment income	6	684	683
Finance costs	8	(14,877)	(17,615)
Profit before taxation		372,888	182,289
Tax on profit	9	(71,160)	(41,998)
Profit for the financial year		301,728	140,291

The Income statement has been prepared on the basis that all operations are continuing operations.

Inverlochy Castle Limited

**Statement of comprehensive income
For the year ended 31 March 2018**

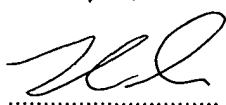
	2018	2017
	£	£
Profit for the year	301,728	140,291
Other comprehensive income		
Tax relating to other comprehensive income	19,183	109,077
Total comprehensive income for the year	<u>320,911</u>	<u>249,368</u>

Inverlochy Castle Limited

**Statement of financial position
As at 31 March 2018**

	Notes	£	2018 £	£	2017 £
Fixed assets					
Goodwill	10		-		44,000
Property, plant and equipment	11		4,579,124		4,635,553
			<u>4,579,124</u>		<u>4,679,553</u>
Current assets					
Inventories	12	54,493		49,024	
Trade and other receivables	13	777,294		779,932	
Cash at bank and in hand		202,574		165,206	
		<u>1,034,361</u>		<u>994,162</u>	
Current liabilities	14	(1,685,650)		(1,869,429)	
Net current liabilities			<u>(651,289)</u>		<u>(875,267)</u>
Total assets less current liabilities			<u>3,927,835</u>		<u>3,804,286</u>
Non-current liabilities	15		(839,512)		(1,010,217)
Provisions for liabilities	17		(90,350)		(117,007)
Net assets			<u>2,997,973</u>		<u>2,677,062</u>
Equity					
Called up share capital	21		57,500		57,500
Revaluation reserve	20		2,203,905		2,209,309
Retained earnings	22		736,568		410,253
Total equity			<u>2,997,973</u>		<u>2,677,062</u>

The financial statements were approved by the board of directors and authorised for issue on 4/12/18 and are signed on its behalf by:



Jen Chai
Director

Company Registration No. SC025810

Inverlochy Castle Limited

**Statement of changes in equity
For the year ended 31 March 2018**

	Share capital £	Revaluation reserve £	Retained earnings £	Total £
Balance at 1 April 2016	57,500	2,124,819	245,375	2,427,694
Year ended 31 March 2017:				
Profit for the year	-	-	140,291	140,291
Other comprehensive income:				
Tax relating to other comprehensive income	-	109,077	-	109,077
Total comprehensive income for the year	-	109,077	140,291	249,368
Transfers	-	(24,587)	24,587	-
Balance at 31 March 2017	57,500	2,209,309	410,253	2,677,062
Year ended 31 March 2018:				
Profit for the year	-	-	301,728	301,728
Other comprehensive income:				
Tax relating to other comprehensive income	-	19,183	-	19,183
Total comprehensive income for the year	-	19,183	301,728	320,911
Transfers	-	(24,587)	24,587	-
Balance at 31 March 2018	57,500	2,203,905	736,568	2,997,973

Inverloch Castle Limited

Statement of cash flows

For the year ended 31 March 2018

	Notes	£	2018 £	£	2017 £
Cash flows from operating activities					
Cash generated from operations	27		314,393		516,899
Interest paid			(14,877)		(17,615)
Income taxes paid			(43,386)		(6,034)
Net cash inflow from operating activities			<u>256,130</u>		<u>493,250</u>
Investing activities					
Purchase of property, plant and equipment		(52,991)		(50,023)	
Proceeds on disposal of property, plant and equipment		4,250		-	
Interest received		684		683	
Net cash used in investing activities			<u>(48,057)</u>		<u>(49,340)</u>
Financing activities					
Repayment of bank loans		(170,705)		(186,223)	
Net cash used in financing activities			<u>(170,705)</u>		<u>(186,223)</u>
Net increase in cash and cash equivalents			<u>37,368</u>		<u>257,687</u>
Cash and cash equivalents at beginning of year			<u>165,206</u>		<u>(92,481)</u>
Cash and cash equivalents at end of year			<u><u>202,574</u></u>		<u><u>165,206</u></u>

1 Accounting policies

Company information

Inverlochy Castle Limited is a private company limited by shares incorporated in Scotland. The registered office is Inverlochy Castle Hotel, Torlundy, Fort William, Inverness-shire, PH33 6SN.

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.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts 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 as deemed cost on transition to FRS 102. The principal accounting policies adopted are set out below.

1.2 Going concern

The financial statements have been prepared under the going concern basis. At 31 March 2018 the company had net assets of £2,997,973 (2017 - £2,677,062) and net current liabilities of £651,289 (2017 - £875,267). The company relies on continued support from its directors and bank facilities to be able to meet its liabilities as they fall due and the appropriateness of the going concern basis is dependent on this support being continued. The directors have no reason to believe there will be a withdrawal of the continued support.

1.3 Revenue

Revenue 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 and other sales related taxes.

1.4 Intangible fixed assets - goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of ten years.

1.5 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.

Notes to the financial statements (continued)
For the year ended 31 March 2018

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	0% - 1% per annum straight line basis
Land and buildings leasehold	10% per annum straight line basis
Plant and machinery	15% per annum reducing balance basis
Fixtures, fittings and equipment	5% - 33% per annum straight line and reducing balance basis
Motor vehicles	25% per annum reducing balance basis

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 non-current 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.

1.7 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises of direct materials. At each reporting date, an assessment is made for impairment.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash at bank and in hand. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic 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, are initially measured at transaction price 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

Basic financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, 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.

1.10 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.

1.11 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.

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.

1 Accounting policies (continued)

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.

1.13 Retirement benefits

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

1.14 Leases

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 Critical accounting 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 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

2 Critical accounting judgements and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Depreciation

Depreciation is calculated based on an estimation of the tangible fixed assets expected useful lives. This requires judgements to be made, which includes the condition of the assets, demand for assets and expected level of use of the assets. The carrying amount of tangible fixed assets at 31 March 2018 was £4,579,124 after depreciation of £102,294 was charged during the year.

Goodwill

Amortisation of goodwill is calculated based on an estimation of the useful life of the goodwill. This requires an on-going judgement to be made on the carrying value of goodwill and the appropriateness of the rate of amortisation. The carrying amount of goodwill at 31 March 2018 was £nil after amortisation of £44,000 was charged during the year.

3 Revenue

An analysis of the company's revenue is as follows:

	2018 £	2017 £
Revenue analysed by class of business		
Hotel and restaurant sales	4,796,116	4,023,955
	<u> </u>	<u> </u>

4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2018 Number	2017 Number
Production staff	68	64
Administrative staff	16	15
	<u> </u>	<u> </u>
	84	79
	<u> </u>	<u> </u>

Inverlochy Castle Limited**Notes to the financial statements (continued)**
For the year ended 31 March 2018**4 Employees (continued)**

Their aggregate remuneration comprised:

	2018	2017
	£	£
Wages and salaries	1,748,051	1,521,021
Social security costs	110,878	97,918
Pension costs	8,332	9,133
	<u>1,867,261</u>	<u>1,628,072</u>

5 Directors' remuneration

	2018	2017
	£	£
Remuneration for qualifying services	<u>48,000</u>	<u>48,000</u>

6 Investment income

	2018	2017
	£	£
Interest income		
Interest on bank deposits	98	-
Other interest income	586	683
	<u>684</u>	<u>683</u>

7 Operating profit

	2018	2017
	£	£
Operating profit for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	15,500	13,500
Depreciation of owned property, plant and equipment	102,294	102,859
Loss on disposal of property, plant and equipment	2,876	-
Amortisation of intangible assets	44,000	44,000
Cost of inventories recognised as an expense	576,627	499,128
Operating lease charges	<u>30,282</u>	<u>28,780</u>

Inverlochy Castle Limited**Notes to the financial statements (continued)****For the year ended 31 March 2018****8 Finance costs**

	2018	2017
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	14,877	17,615

9 Taxation

	2018	2017
	£	£
Current tax		
UK corporation tax on profits for the current period	78,758	43,516
Deferred tax		
Origination and reversal of timing differences	(7,598)	(1,518)
Total tax charge	71,160	41,998

In addition to the amount charged to the income statement, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2018	2017
	£	£
Deferred tax arising on:		
Revaluation of property	(19,183)	(109,077)

Inverlochy Castle Limited

Notes to the financial statements (continued)

For the year ended 31 March 2018

9 Taxation (continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2018 £	2017 £
Profit before taxation	372,888	182,289
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 20.00%)	70,849	36,458
Tax effect of expenses that are not deductible in determining taxable profit	8,698	948
Depreciation on assets not qualifying for tax allowances	19,436	20,572
Capital allowances	(20,641)	(14,462)
Loss on disposal of fixed assets	546	-
Non-trade loan relationship credits per accounts	(130)	-
Deferred tax adjustment	(7,598)	(1,518)
Taxation charge for the year	71,160	41,998

10 Intangible fixed assets

	Goodwill £
Cost	
At 1 April 2017 and 31 March 2018	440,000
Amortisation and impairment	
At 1 April 2017	396,000
Amortisation charged for the year	44,000
At 31 March 2018	440,000
Carrying amount	
At 31 March 2018	-
At 31 March 2017	44,000

Inverlochy Castle Limited

Notes to the financial statements (continued)
For the year ended 31 March 2018

11 Property, plant and equipment

	Land and buildings freehold £	Land and buildings leasehold £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost or valuation						
At 1 April 2017	4,762,508	148,538	149,886	1,591,134	16,370	6,668,436
Additions	-	-	1,860	51,131	-	52,991
Disposals	-	-	-	-	(12,670)	(12,670)
At 31 March 2018	4,762,508	148,538	151,746	1,642,265	3,700	6,708,757
Depreciation and impairment						
At 1 April 2017	676,493	135,238	125,848	1,087,622	7,682	2,032,883
Depreciation charged in the year	42,625	2,555	3,885	52,839	390	102,294
Eliminated in respect of disposals	-	-	-	-	(5,544)	(5,544)
At 31 March 2018	719,118	137,793	129,733	1,140,461	2,528	2,129,633
Carrying amount						
At 31 March 2018	4,043,390	10,745	22,013	501,804	1,172	4,579,124
At 31 March 2017	4,086,015	13,300	24,038	503,512	8,688	4,635,553

Inverloch Castle Limited**Notes to the financial statements (continued)****For the year ended 31 March 2018****11 Property, plant and equipment (continued)**

The freehold land and buildings at Inverloch Castle were valued on an open market value for existing use basis on 31 March 1998 by D M Hall Chartered Surveyors. This valuation has been used as deemed cost on transition to FRS 102. Included in the valuation of freehold land and buildings is land valued at £500,000 which is not depreciated.

If revalued assets were stated on an historical cost basis the total amounts included would have been as follows:

	2018	2017
	£	£
Cost	2,372,499	2,372,499
Accumulated depreciation	339,348	321,310
Carrying value	<u>2,033,151</u>	<u>2,051,189</u>

12 Inventories

	2018	2017
	£	£
Finished goods and goods for resale	<u>54,493</u>	<u>49,024</u>

13 Trade and other receivables

	2018	2017
	£	£
Amounts falling due within one year:		
Trade receivables	50,934	26,044
Other receivables	365,401	377,684
Prepayments and accrued income	360,959	376,204
	<u>777,294</u>	<u>779,932</u>

Inverlochy Castle Limited

Notes to the financial statements (continued)
For the year ended 31 March 2018

14 Current liabilities

	Notes	2018 £	2017 £
Bank loans and overdrafts	16	186,223	186,223
Trade payables		271,574	196,379
Corporation tax		78,764	43,516
Other taxation and social security		81,943	98,668
Other payables		1,022,366	1,289,830
Accruals and deferred income		44,780	54,813
		<u>1,685,650</u>	<u>1,869,429</u>

15 Non-current liabilities

	Notes	2018 £	2017 £
Bank loans and overdrafts	16	<u>839,512</u>	<u>1,010,217</u>

The bank loan is repayable by instalments and interest is charged at a rate of 1% above the Bank of England base rate.

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

	2018 £	2017 £
Payable by instalments	<u>94,620</u>	<u>265,324</u>

Inverlochy Castle Limited

Notes to the financial statements (continued)
For the year ended 31 March 2018

16 Borrowings

	2018	2017
	£	£
Bank loans	1,025,735	1,196,440
	<u> </u>	<u> </u>
Payable within one year	186,223	186,223
Payable after one year	839,512	1,010,217
	<u> </u>	<u> </u>

The bank loans and overdraft are secured by fixed charges over the Rocpool Reserve Hotel and a bond and floating charge over all assets of the company.

17 Provisions for liabilities

	2018	2017
	£	£
	Notes	
Deferred tax liabilities	19	90,350
		117,007
		<u> </u>

18 Retirement benefit schemes

	2018	2017
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	8,332	9,133
	<u> </u>	<u> </u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

Inverlochy Castle Limited**Notes to the financial statements (continued)**
For the year ended 31 March 2018**19 Deferred taxation**

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities	Liabilities
	2018	2017
	£	£
Balances:		
Accelerated capital allowances	76,356	83,829
Revaluations	13,994	33,178
	<u>90,350</u>	<u>117,007</u>
		2018
Movements in the year:		£
Liability at 1 April 2017		117,007
Credit to profit or loss		(7,474)
Credit to equity		(19,183)
		<u>90,350</u>
Liability at 31 March 2018		

20 Revaluation reserve

	2018	2017
	£	£
At beginning of year	2,209,309	2,124,819
Deferred tax on revaluation of property, plant and equipment	19,183	109,077
Transfer to retained earnings	(24,587)	(24,587)
	<u>2,203,905</u>	<u>2,209,309</u>
At end of year		

Inverlochy Castle Limited**Notes to the financial statements (continued)**
For the year ended 31 March 2018**21 Share capital**

	2018	2017
	£	£
Ordinary share capital		
Issued and fully paid		
57,500 ordinary shares of £1 each	57,500	57,500
	<u>57,500</u>	<u>57,500</u>

22 Retained earnings

	2018	2017
	£	£
At the beginning of the year	410,253	245,375
Profit for the year	301,728	140,291
Transfer from revaluation reserve	24,587	24,587
	<u>736,568</u>	<u>410,253</u>

23 Operating lease commitments**Lessee**

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2018	2017
	£	£
Within one year	8,958	24,016
Between two and five years	11,421	9,826
	<u>20,379</u>	<u>33,842</u>

24 Directors' transactions

During the year King Chai paid £26,078 (2017 - £35,411) to the company for accommodation and hotel services. At 31 March 2018 the company owed King Chai £572,405 (2017 - £612,536). This loan is interest free, unsecured and repayable on demand and is included in creditors falling due within one year. King Chai is a director of Inverlochy Castle Limited.

During the year the directors personal use of Blane field House totalled £5,000 (2017 - £5,000).

Inverlochy Castle Limited

Notes to the financial statements (continued)

For the year ended 31 March 2018

25 Controlling party

The company's immediate parent undertaking is Inverlochy Castle (International) Limited, a company registered in Guernsey.

The company's ultimate parent undertaking is Ord Investments Limited, a company registered in Guernsey.

The company's ultimate controlling party is King Chai.

26 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2018	2017
	£	£
Aggregate compensation	48,000	48,000

Other related party transactions

During the year the company was charged £100 (2017 - £100) for the lease of Blane field House, a property owned by Blane field House Limited. During the year the company paid £1,200 (2017 - £8,200) of expenses on behalf of Blane field House Limited. At 31 March 2018 Blane field House Limited owed the company £20,800 (2017 - £19,700) and this loan is interest free, unsecured and repayable on demand. King Chai, Jen Chai and Qan Chai are directors of Blane field House Limited.

During the year the company paid £330,518 (2017 - £269,236) to Inverlochy Castle Management International Limited for management and consultancy services and Inverlochy Castle Management International Limited paid £nil (2017 - £26,800) to the company for management services and £nil (2017 - £6,700) for venue hire. The company also made payments totalling £nil (2017 - £11,514) on behalf of Inverlochy Castle Management International Limited. At 31 March 2018 Inverlochy Castle Management International Limited owed the company £300,225 (2017 - £319,608). This loan is interest free, unsecured and repayable on demand. The directors of Inverlochy Castle Management International Limited significantly influence the financial and operating policies of Inverlochy Castle Limited.

Inverlochy Castle Limited

Notes to the financial statements (continued)
For the year ended 31 March 2018

27 Cash generated from operations

	2018	2017
	£	£
Profit for the year after tax	301,728	140,291
Adjustments for:		
Taxation charged	71,160	41,998
Finance costs	14,877	17,615
Investment income	(684)	(683)
Loss on disposal of property, plant and equipment	2,876	-
Amortisation and impairment of intangible assets	44,000	44,000
Depreciation and impairment of property, plant and equipment	102,294	102,859
Movements in working capital:		
(Increase)/decrease in inventories	(5,469)	5,526
Decrease/(increase) in trade and other receivables	2,638	(27,971)
(Decrease)/increase in trade and other payables	(219,027)	193,264
Cash generated from operations	314,393	516,899