ELSICK DEVELOPMENT COMPANY LIMITED
No. SC347375

FILLETED ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2017

ELSICK DEVELOPMENT COMPANY LIMITED

CONTENTS

ELSICK DEVELOPMENT COMPANY LIMITED

BALANCE SHEET
AS AT 31 AUGUST 2017

	Notes	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Tangible assets	3		35,664		44,890
Current assets					
Stocks		19,174,414		15,878,888	
Debtors	4	951,722		307,132	
Cash at bank and in hand		188,187		158,444	
		20,314,323		16,344,464	
Creditors: amounts falling due within one year	5	(2,785,631)		(612,062)	
Net current assets			17,528,692		15,732,402
Total assets less current liabilities			17,564,356		15,777,292
Creditors: amounts falling due after more than one year	6		(21,174,619)		(19,231,817)
Net liabilities			(3,610,263)		(3,454,525)
Capital and reserves					
Called up share capital	7		1,000		1,000
Profit and loss reserves			(3,611,263)		(3,455,525)
Total equity			(3,610,263)		(3,454,525)

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

These financial statements have been prepared and delivered in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the board of directors and authorised for issue on 22 May 2018 and are signed on its behalf by:

Fife

The Duke of Fife
Director

Company Registration No. SC347375

1 Accounting policies

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 amounts in these financial statements are rounded to the nearest £.

These financial statements for the year ended 31 August 2017 are the first financial statements of Elsick Development Company 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 Going concern

The financial statements have been prepared on the going concern basis, which assumes that the company will continue to trade.

The directors consider that the company is able to meet its day to day working capital requirements due to the continued support of the directors and by way of loans advanced to the company from the various funding providers, which are mainly entities in which the directors of the company also have a significant interest. The directors confirm that repayment of the loans by the company will not be requested unless the company has the funds to be able to repay those loans. Accordingly the accounts have been prepared on the going concern basis.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

The company accounts for the contractual arrangement with regard to the promotion of land for development as a contract for services in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". The company incurs costs in relation to the promotion of the development land and is entitled to receive income as a proportion of the uplift in the value of the land resulting from the sale of that land. The company also derives income from the provision of land infrastructure and recharges an appropriate proportion of these costs when land sales occur.

Up to 31 August 2013, due to the nature of the contractual arrangement, there was no guarantee of any income for the company until the land was sold. Furthermore, until the land was sold the level of income could not be reliably measured. As such, the outcome of the contract could not be assessed with reasonable certainty. Due to the uncertainty of the outcome of the contract, which could therefore potentially be loss making up to the level of costs incurred by the company, the company had adopted the policy of writing off costs to the profit and loss account as they were incurred.

During the year ended 31 August 2014 the first tranches of development land were sold, which resulted in trigger points being reached for the recognition of turnover on the contract in the profit and loss account because income is reasonably certain and can be measured reliably. Turnover represents amounts receivable for recharges of land development infrastructure costs, net of VAT.

1 Accounting policies (continued)

Interest income is recognised when it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

1.4 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.

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:

Visitor centre	10% Reducing balance
Plant and machinery	10%/20%/25% 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.

1.5 Impairment of fixed assets

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

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

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

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

1.6 Stocks

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

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

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of 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 Accounting policies (continued)

Up to 31 August 2013 all development costs were written off to the profit and loss account on the basis that no land sales had yet been made and there was no guarantee of any income for the company.

Subsequent to 1 September 2013 tranches of land have been sold, therefore all land development costs incurred to date have been transferred to the balance sheet and shown as 'Stocks'. These land development costs will be released to the profit and loss account when future revenue is generated from land sales.

1.7 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, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

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

Financial instruments are recognised in the company's 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.

1.9 Equity instruments

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

1 Accounting policies (continued)

1.10 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.

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.

1.11 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 2 (2016 - 2).

3 Tangible fixed assets

	Visitor centre	Plant and machinery	Total
	£	£	£
Cost			
At 1 September 2016 and 31 August 2017	9,575	68,274	77,849
Depreciation and impairment			
At 1 September 2016	2,367	30,592	32,959
Depreciation charged in the year	721	8,505	9,226
At 31 August 2017	3,088	39,097	42,185
Carrying amount			
At 31 August 2017	6,487	29,177	35,664
At 31 August 2016	7,208	37,682	44,890

4 Debtors

	2017	2016
Amounts falling due within one year:	£	£
Trade debtors	125,981	-
Other debtors	825,741	307,132
	951,722	307,132

5 Creditors: amounts falling due within one year

	2017	2016
	£	£
Bank loans and overdrafts	140,772	53,818
Trade creditors	689,312	374,007
Other taxation and social security	-	16,413
Other creditors	245,547	167,824
Redeemable preference shares classed as a financial liability	1,710,000	-
	2,785,631	612,062

The 2% Redeemable preference shares have a set redemption date of 31 December 2017. Redeemable preference shareholders will receive notification of general meetings to attend and speak but will not be entitled to vote. On a return of capital to its shareholders, Redeemable preference shareholders are to be repaid amounts paid up on each Redeemable preference share held together with a sum equal to any dividend arrears or accruals. Any surplus remaining is to be distributed among the Ordinary shareholders pari passu based on their respective holdings of Ordinary shares.

6 Creditors: amounts falling due after more than one year

	2017	2016
	£	£
Amounts due to group undertakings	9,017,418	5,865,353
Other creditors	12,157,201	11,656,464
Redeemable preference shares classed as a financial liability	-	1,710,000
	21,174,619	19,231,817

There are no fixed repayment dates for the loans and interest is charged at 0.05% over the Clydesdale Bank rate.

7 Called up share capital

	2017	2016
	£	£
Issued and fully paid		
1,000 Ordinary shares of £1 each	1,000	1,000
1,710,000 2% Redeemable preference shares of £1 each	1,710,000	1,710,000
	1,711,000	1,711,000
Transferred to creditors	(1,710,000)	(1,710,000)
	1,000	1,000

8 Audit report information

As the income statement has been omitted from the filing copy of the financial statements the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Robert J C Bain MA CA CTA.
The auditor was Hall Morrice LLP.

9 Financial commitments, guarantees and contingent liabilities

The interest charging arrangement between Elsick Development Company Limited and its funders has been revised. The company has a contingent liability to pay a higher rate of interest on the loans to its funders, which has not been charged by the funders. There is uncertainty as to whether this will be charged until the development project is further progressed and therefore there is a contingent liability and not a requirement for a provision in the accounts. The company would in any event charge on any such interest to the Consortium under the terms of its agreement such that the company's position is neutral and any contingent liability for interest is matched by a contingent asset of an equal amount.

10 Directors' transactions

During the year, the directors advanced the company net amounts totalling £71,248. In addition, net interest of £6,964 (2016 - £73,172) was accrued for the year. As at 31 August 2017, the company was due the directors £2,069,181 (2016 - £1,990,969). Interest is charged on the loans at the Clydesdale Bank rate plus 0.05% per annum. There is no fixed repayment date for the loans.

11 Related party transactions

Transactions with related parties
During the year the company entered into the following transactions with related parties:

	Loan interest payable	
	2017	2016
	£	£
Entities with control, joint control or significant influence over the company	117,265	166,585
Other related parties	194,883	542,671

The following amounts were outstanding at the reporting end date:

Amounts owed to related parties	2017 £	2016 £
Entities with control, joint control or significant influence over the company	9,017,418	5,865,353
Other related parties	9,701,841	9,345,686

12 Parent company

The immediate parent company of Elsick Development Company Limited is Southesk Company Limited, a company incorporated in Scotland. The ultimate parent company of Elsick Development Company Limited is Southesk Trust Company Limited, a company incorporated in Scotland.

13 Company information

Elsick Development Company Limited is a private company limited by shares incorporated in Scotland. The registered office is Kinnaird Castle, Kinnaird Park, Brechin, Angus, DD9 6TZ.