

Skibo Limited

Directors' report and financial statements

Registered number SC125259

31 March 2015

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Company information

Directors	PM Andersson P Crome S Bath
Secretary	M Lynch
Registered office	Skibo Castle Dornoch Sutherland IV25 3RQ
Auditor	KPMG LLP 191 West George Street Glasgow G2 2LJ
Bankers	The Royal Bank of Scotland plc 29 Harbour Road Inverness IV1 1NU
Solicitors	Burness Paull LLP 50 Lothian Road Edinburgh EH3 9WJ

Strategic report

The directors present their strategic report for the year ended 31 March 2015.

Principal activity and business review

The principal activity of the company is the running of an international residential golf and sporting club with accommodation and extensive leisure facilities.

The company's turnover for the year was £9,817,000 (2014: £8,647,000) and the loss for the year was £1,531,000 (2014: loss of £636,000).

The principal risks and uncertainties affecting the business include the following:

- Major disruption/disaster: the company has insurance in place to minimise the risk of loss or damage. Furthermore, the company has a contingency plan in place in the case of a major disaster.
- Fluctuations in quality and/or price of supplies: the company continually monitors the quality of its supplies and regularly checks the prices.
- Compliance with changing legislation: the company utilises external companies who monitor and check our compliance with current legislation.

Key areas of development and performance of the business include:

- The company has a close relationship with its membership and regularly communicates with them.
- Health and Safety: the company continues to seek ways of ensuring that a safe and healthy working environment is progressively improved.
- Skibo Limited is aware of its environmental obligations and is continually seeking to reduce its carbon footprint.

Key financial performance indicators include the following profitability and working capital measures.

	2015	2014	Measure
Financial			
Wage (%)	41%	42%	Wages/turnover
Debtors days	9	17	Trade debtors/turnover x 365
Sales per employee (£000)	49	43	Turnover/number of employees

Key non-financial performance indicators include the monitoring of our employees' retention.

	2015	2014	Measure
Non financial			
Staff turnover	5	3.3	Number of employees/leavers in year

In summary, the directors are satisfied with the business performance in the year. The directors are looking forward to continuing growth in the coming year.

Dividends

No dividends were either paid or proposed during the financial year (2014: £Nil).

By order of the board

M Lynch
Secretary



Skibo Castle
Dornoch
Sutherland
IV25 3RQ

22 December 2015

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2015.

Directors

The directors who held office during the year are shown on page 1.

Political and charitable contributions

During the year the company made various charitable contributions amounting to £3,658 (2014: £2,408).

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board


M Lynch
Secretary

Skibo Castle
Dornoch
Sutherland
IV25 3RQ

22 December 2015

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

The directors are responsible for preparing the Strategic Report, 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

191 West George Street
Glasgow
G2 2LJ
United Kingdom

Independent auditor's report to the members of Skibo Limited

We have audited the financial statements of Skibo Limited for the year ended 31 March 2015 set out on pages 6 to 18. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Report Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report, the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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.

Hugh Harvie (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

22 December 2015

Profit and loss account
for the year ended 31 March 2015

	<i>Note</i>	2015 £000	2014 £000
Turnover	2	9,817	8,647
Cost of sales		(1,427)	(1,163)
		<hr/>	<hr/>
Gross profit		8,390	7,484
Administrative expenses		(7,894)	(7,295)
Other operating income		143	158
		<hr/>	<hr/>
Operating profit		639	347
Other interest receivable and similar income	<i>6</i>	3	2
Interest payable and similar charges	<i>7</i>	(2,173)	(985)
		<hr/>	<hr/>
Loss on ordinary activities before taxation	<i>3</i>	(1,531)	(636)
Tax on loss on ordinary activities	<i>8</i>	-	-
		<hr/>	<hr/>
Loss on ordinary activities after taxation for the financial year	<i>20</i>	(1,531)	(636)
		<hr/>	<hr/>

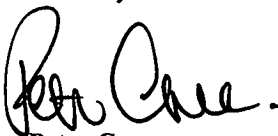
There were no acquisitions or discontinued activities during the year or prior year.

There were no recognised gains and losses for the year other than those included above.

Balance sheet
at 31 March 2015

	<i>Note</i>	2015 £000	2015 £000	2014 £000	2014 £000
Fixed assets					
Intangible assets	9	-	-	-	52
Tangible assets	10	37,671	37,671	38,109	38,109
Investments	11	-	-	-	-
			37,671		38,161
Current assets					
Stocks	12	322		396	
Debtors	13	590		651	
Cash at bank and in hand		1,826		2,087	
		2,738		3,134	
Creditors: amounts falling due within one year	14	(2,808)		(15,524)	
Net current liabilities			(70)		(12,390)
Total assets less current liabilities			37,601		25,771
Creditors: amounts falling due after more than one year	15		(28,804)		(15,443)
Net assets			8,797		10,328
Capital and reserves					
Called up share capital	17	6,721	6,721	6,721	6,721
Revaluation reserve	18	10,957	10,957	10,962	10,962
Profit and loss account	19	(8,881)	(8,881)	(7,355)	(7,355)
Shareholders' funds	20	8,797	8,797	10,328	10,328

These financial statements were approved by the board of directors on 22 December 2015 and were signed on its behalf by:


Peter Crome
Director

Company registered number: SC125259

Cash flow statement

for the year ended 31 March 2015

	Note	2015 £000	2015 £000	2014 £000	2014 £000
Cash inflow from operating activities	21		665		1,149
Returns on investment and servicing of finance					
Interest received		3		2	
Interest paid		(479)		(386)	
		<hr/>		<hr/>	
Net cash outflow from returns on investment and servicing of finance			(476)		(384)
Capital expenditure and financial investment					
Payments to acquire tangible assets		(408)		(836)	
Receipts from sales of tangible assets		-		10	
		<hr/>		<hr/>	
Net cash outflow from capital expenditure and financial investment			(408)		(826)
Financing					
(Repayment)/receipt of lease purchase		(42)		24	
		<hr/>		<hr/>	
Net cash (outflow)/inflow from financing			(42)		24
			<hr/>		<hr/>
Decrease in cash in the year	22		(261)		(37)
			<hr/>		<hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules as modified to include the revaluation of land and buildings including fixtures and fittings.

The financial statements have been prepared on the going concern basis notwithstanding the net current liabilities position of £70,000 at 31 March 2015. The company's parent undertaking, Scytherbolle Limited, has indicated that for at least twelve months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company to pay its liabilities as they fall due and in particular will not seek repayment of the amounts currently made available. The directors consider that this should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on the undertakings from Scytherbolle Limited, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

Intangible fixed assets and amortisation

Intangible fixed assets purchased separately from a business are capitalised at their cost.

Concessions, patents, licences and trademarks purchased by the Company are amortised to nil by equal annual instalments over their useful economic lives, generally their respective unexpired periods.

Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost or valuation less residual value of each asset over its expected useful life, as follows:

Freehold buildings	10% of value over 50 years
Fixtures and fittings	over 5-10 years
Tools and equipment	over 5 years
Motor vehicles	over 4 years
Office equipment	over 4 years

Assets in course of construction are not depreciated until they are brought into use.

Freehold land and buildings including fixtures and fittings

The company's freehold land and buildings including fixtures and fittings were valued in 1994 on the basis of open market value. On adoption of FRS 15: Tangible fixed assets, the company followed the transitional rules to retain the net book value of the assets revalued in 1994 but not to adopt a policy of revaluation in the future.

Notes (continued)

1 Accounting policies (continued)

Leasing and hire purchase

Assets held under lease purchase agreements that transfer substantially all the risks and rewards of ownership to the company are capitalised. The capital element of the related obligations is included in creditors. The interest element of the lease purchase obligations is charged to the profit and loss account so as to provide a constant periodic rate of charge.

Rentals in respect of all other leases are charged to the profit and loss account as incurred.

Investments

Investments held as fixed assets are stated at cost, less provision for permanent impairment.

Stock

Stock is valued at the lower of cost and net realisable value.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Exchange differences are taken into account in arriving at the operating profit.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19. A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly arising in the UK.

3 Loss on ordinary activities before taxation

	2015 £000	2014 £000
<i>Loss on ordinary activities before taxation is stated:</i>		
<i>after charging</i>		
Depreciation	814	867
Gain on disposal of assets	-	6
<i>Auditor's remuneration</i>		
– audit of these financial statements	17	15
Amounts received by the company's auditor and its associates in respect of other services related to taxation	8	8
- all other services	1	1

Notes (continued)

4 Remuneration of directors

	2015 £000	2014 £000
Directors' emoluments including benefits	212	205
Contributions to money purchase pension schemes	13	12
	<u>225</u>	<u>217</u>

Benefits accrued to two directors (2014: two) under money purchase pension schemes.

The aggregate remuneration of the highest paid director was £124,500 (2014: £132,000).

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees 2015	2014
Management and administration	27	27
Front of house and services	128	110
Golf course and estate	45	66
	<u>200</u>	<u>203</u>
Full time	115	120
Part time	85	83
	<u>200</u>	<u>203</u>

The aggregate payroll costs of these persons were as follows:

	2015 £000	2014 £000
Wages and salaries	3,565	3,211
Social security costs	310	269
Other staff costs	125	144
	<u>4,000</u>	<u>3,624</u>

6 Other interest receivable and similar income

	2015 £000	2014 £000
Other interest	3	2

Notes (continued)

7 Interest payable and similar charges

	2015 £000	2014 £000
On bank loans and overdrafts	387	363
On finance leases	12	13
On other loans	1,774	609
	<u>2,173</u>	<u>985</u>

8 Taxation

	2015 £000	2014 £000
<i>UK current year taxation</i>		
UK corporation tax – current year	-	-
	<u>-</u>	<u>-</u>
Tax charge on loss on ordinary activities	-	-
	<u>-</u>	<u>-</u>

The current year tax charge is higher (2014: higher) than the loss at small companies rate of 20% (2014: 20%). The difference is explained below:

	2015 £000	2014 £000
Loss on ordinary activities before tax	(1,531)	(636)
	<u>-</u>	<u>-</u>
Tax on loss on ordinary activities at standard UK corporation tax at 20% (2014: 20%)	(306)	(127)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	(1)	30
Movement in deferred tax asset not recognised	307	97
	<u>-</u>	<u>-</u>
Current tax charge for year	-	-
	<u>-</u>	<u>-</u>

Factors affecting the tax charge in future years

The company has an unrecognised deferred tax asset which may be available to reduce current tax charges in future years. Details are given in note 16.

Notes (continued)

9 Intangible assets

	Farm entitlement £000
<i>Cost</i>	
At beginning and end of year	84
<i>Provision for amortisation</i>	
At beginning of year	32
Amortisation charged in year	52
At end of year	84
<i>Net book value</i>	
At 31 March 2015	-
At 31 March 2014	52

The farm entitlement was acquired at the end of March 2013. The useful life of the entitlement has been assessed to be two years.

10 Tangible fixed assets

	Assets in course of construction	Freehold land and buildings inc fixtures and fittings	Tools and equipment	Motor vehicles	Office equipment	Total
	£000	£000	£000	£000	£000	£000
<i>Cost or valuation</i>						
At beginning of year	128	42,432	2,018	947	327	45,852
Additions	216	32	59	95	6	408
Transfers	(138)	43	95	-	-	-
Disposals	-	-	-	(74)	-	(74)
Impairments	(7)	(25)	-	-	-	(32)
At end of year	199	42,482	2,172	968	333	46,154
<i>Depreciation</i>						
At beginning of year	-	5,373	1,178	875	317	7,743
Charge for year	-	611	134	65	4	814
Released on disposal	-	-	-	(74)	-	(74)
At end of year	-	5,984	1,312	866	321	8,483
<i>Net book value</i>						
At 31 March 2015	199	36,498	860	102	12	37,671
At 31 March 2014	128	37,059	840	72	10	38,109

Notes (continued)

10 Tangible fixed assets (continued)

In accordance with FRS 15: Tangible fixed assets, the company has followed the option to retain the book value of freehold land and buildings including fixtures and fittings, certain of which were valued in 1994 at £24.0 million. This valuation was prepared on an open market value and the surplus on revaluation was credited to the revaluation reserve. In 2006 following the acquisition of the company by the existing parent undertaking, the directors reassessed the value of the freehold land and buildings including fixtures and fittings and considered, based on the market value of these assets, that an impairment charge of £3.0 million was appropriate. This was charged to the revaluation reserve. The historical cost of these assets is:

	2015 £000	2014 £000
Historic cost	25,329	30,384
Depreciation	(5,055)	(5,055)
Net book value	<u>20,274</u>	<u>25,329</u>

Included above are assets held under finance lease contracts as follows:

	2015 Net book value £000	2015 Depreciation charge £000	2014 Net book value £000	2014 Depreciation charge £000
Assets held under finance leases	<u>139</u>	<u>57</u>	<u>172</u>	<u>65</u>

11 Fixed asset investments

	2015 £	2014 £
Subsidiary undertakings	4	4
Highland Grain	<u>1</u>	<u>1</u>
	<u>5</u>	<u>5</u>

The company's investment in its subsidiary companies represents the cost of the acquisition of all of the unpaid ordinary share capital (100%) of Carnegie Clubs (International) Limited and Skibo Golf Limited. Both companies are registered in Scotland.

At the beginning and end of the year, the net assets of Skibo Golf Limited consisted of allotted and unpaid share capital. The net assets of Carnegie Clubs (International) Limited amounted to £Nil (2014: £Nil). The companies have ceased trading and are dormant.

Skibo invested £1 in Highland Grain Limited during 2008. The company is a supplier to Skibo of grain and agricultural services.

12 Stocks

	2015 £000	2014 £000
Stocks	<u>322</u>	<u>396</u>

Notes (continued)

13 Debtors

	2015 £000	2014 £000
Trade debtors	243	402
Other debtors	1	14
Prepayments and accrued income	236	235
Amounts due from member	110	-
	<u>590</u>	<u>651</u>

14 Creditors: amounts falling due within one year

	2015 £000	2014 £000
Trade creditors	697	831
Accruals	258	282
Deferred income	1,495	1,955
Hire purchase contracts	61	78
Amounts due to member	-	75
Other taxation and social security	297	303
Bank loan (secured)	-	12,000
	<u>2,808</u>	<u>15,524</u>

15 Creditors: amounts falling due after more than one year

	2015 £000	2014 £000
Hire purchase contracts	39	64
Amounts due to parent undertaking	9,400	9,400
Accrued loan interest due to parent undertaking	6,943	5,249
Deferred income	422	730
Bank loan (secured)	12,000	-
	<u>28,804</u>	<u>15,443</u>

The bank loan and overdraft is secured by a standard security over Skibo Castle and Estate and by a bond and floating charge over the whole of the assets of the company. This carries interest at normal commercial rates. As at 31 March 2015, the loan was repayable in December 2016.

The loans from parent undertaking are in respect of amounts advanced to the company by its parent, Scytherbolle Limited. Interest is charged at 6.38%. Post year end, a portion of the loans have been capitalised and the remainder has been extended to 2024. This is detailed in note 26.

Amounts repayable

Within one year	61	12,078
Within two to five years	28,382	14,713
	<u>28,443</u>	<u>26,791</u>

Notes (continued)

16 Provisions for liabilities and charges

No provision has been made in the financial statements for any deferred tax arising from revaluation of the property as the directors have no intention at this time of selling the property in the foreseeable future.

The company has an unrecognised deferred tax asset of £1,544,948 (2014: 1,237,964) which has not been recognised due to uncertainty in its recoverability.

17 Called up share capital

	2015 £000	2014 £000
<i>Allotted, called up and fully paid</i>		
6,720,744 ordinary shares of £1 each	6,721	6,721

18 Revaluation reserve

	2015 £000	2014 £000
Balance at beginning of year	10,962	10,967
Release to profit and loss reserve	(5)	(5)
Balance at end of year	10,957	10,962

The revaluation reserve relates entirely to freehold land and buildings, including fixtures and fittings.

19 Profit and loss account

	2015 £000	2014 £000
Reserves at beginning of year	(7,355)	(6,724)
Loss for the year	(1,531)	(636)
Revaluation reserve release	5	5
Reserves at end of year	(8,881)	(7,355)

20 Reconciliation of movements in shareholders' funds

	2015 £000	2014 £000
Loss for the financial year	(1,531)	(636)
Net reduction in shareholders' funds	(1,531)	(636)
Opening shareholders' funds	10,328	10,964
Closing shareholders' funds	8,797	10,328

Notes (continued)

21 Reconciliation of operating profit to net cash inflow from operating activities

	2015 £000	2014 £000
Operating profit	639	347
Amortisation	52	32
Depreciation	814	867
Loss on disposal of fixed assets	-	47
Decrease/(increase) in stocks	74	(23)
Decrease/(increase) in debtors	172	(10)
Decrease in trade and other creditors	(1,086)	(111)
	<u>665</u>	<u>1,149</u>
Net cash inflow from operating activities	<u>665</u>	<u>1,149</u>

22 Reconciliation of net cash flow to movement in net debt

	2015 £000	2014 £000
Decrease in cash in the year	(261)	(37)
Decrease/(increase) in hire purchase finance	42	(24)
	<u>(219)</u>	<u>(61)</u>
Movement in net debt in the year	<u>(219)</u>	<u>(61)</u>
Net debt at the start of the year	(19,455)	(19,394)
	<u>(19,674)</u>	<u>(19,455)</u>
Net debt at the end of the year	<u>(19,674)</u>	<u>(19,455)</u>

23 Analysis of net debt

	At beginning of year £000	Cash flow £000	Non cash movement £000	At end of year £000
Cash in hand, at bank	2,087	(261)	-	1,826
	<u>(12,078)</u>	<u>-</u>	<u>17</u>	<u>(12,061)</u>
Debt within one year	(9,464)	-	25	(9,439)
Debt due after one year	<u>(19,455)</u>	<u>(261)</u>	<u>42</u>	<u>(19,674)</u>

Notes *(continued)*

24 Related party disclosures

In prior years, the company borrowed £9.4m from its parent undertaking, Scytherbolle Limited. At the year end the amount outstanding including accrued interest due to Scytherbolle Limited was £16.3 million (2014: £14.6 million). The terms of this loan and details of repayment are given in note 15.

Ellis Short was a related party during the year. He made purchases during the year of £182,874 (2014: nil). The net balance outstanding at 31 March 2015 due to the company from Ellis Short is £110,204 (2014: amount due from the company of £75,119).

25 Ultimate controlling party

At the start and end of the year, the company's ultimate parent undertaking is Scytherbolle Limited, a company registered in Bermuda.

26 Post balance sheet event

Post year end, the company issued 9,139,000 ordinary shares at £1 nominal value to its parent company, Scytherbolle Limited with a view to converting a portion of the outstanding loan, including accrued interest. The remaining outstanding loan and accrued interest balance of £7,204,000 has been extended to a payment date of 1 April 2024.