Company Registration No. SC125259 (Scotland)

SKIBO LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

SKIBO LIMITED

COMPANY INFORMATION

Directors	T P Crome G Gruber J Feggett W Work
Secretary	Burness Paul LLP
Company number	SC125259
Registered office	The Carnegie Club Skibo Castle Dornoch United Kingdom IV25 3RQ
Auditor	Johnston Carmichael LLP Bishop's Court 29 Albyn Place Aberdeen AB10 1YL
Solicitors	Burness Paull LLP 50 Lothian Road Festival Square EDINBURGH EH3 9WJ

SKIBO LIMITED

CONTENTS

The directors present the strategic report for the year ended 31 March 2022.

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 £11,376,000 (2021: £5,387,000) and the profit before tax for the year was £534,000 (2021: £1,683,000 loss). Net assets at 31 March 2022 are £19,476,000 (2021: £17,408,000).

After the uncertainties that surrounded the effect of the COVID-19 pandemic in 2021, the financial year to 31 March 2022 saw a return to profit which has continued through 2023. Despite significant disruptions and restrictions during the past 24 months, membership continues to be at a historical high and Skibo Limited has continued to see significant growth both from its domestic market and the USA. Sterling exchange and devaluation risk is considered *minimal as revenue is denominated in sterling and foreign currency transactions are minimal.* Supply chain risk has been evaluated both for cost and availability and where goods are sourced from the EU alternative sourcing measures remain in place to minimise any risk to the business.

While results have improved on 2021, the implications of COVID-19 remain evident in the results for 2022. The company was closed for the period 16th November 2020 to April 29, 2021, delaying the start to the financial year. Access to the company's facilities for our non-UK members was restricted through to the middle of August 2021 also impacting the 2022 results.

Actual trading levels along with forecasts to 31st March 2023 show a significant increase in trading levels reported this year.

Future developments

Based upon the forecasting performed, the directors are confident that through the actions, strategies and working capital in place, the business is well structured to deal with any negative circumstances that arise in the foreseeable future.

Key areas of development and performance of the business include:

- The company has a close relationship with its membership and regularly communicates with them.
- 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.

Principal risks and uncertainties

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.

Dividends

No dividends were either paid or proposed during the financial year (2021: £Nil).

By order of the board

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T P Crome
Director

Date: 22-12-2022

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The directors present their annual report and financial statements for the year ended 31 March 2022.

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

Results and dividends
The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

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

T P Crome
G Gruber
J Feggett
W Work

Auditor
In accordance with the company's articles, a resolution proposing that Johnston Carmichael LLP be reappointed as auditor of the company will be put at a General Meeting.

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

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T P Crome
Director

Date: 22-12-2022

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SKIBO LIMITED

Opinion
We have audited the financial statements of Skibo Limited (the 'company') for the year ended 31 March 2022 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 2022 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 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
In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information
The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Auditor 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.

Extent to which the audit is considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the company, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include:

- UK GAAP
- Companies Act 2006
- Corporation Tax legislation
- VAT legislation
- Health and safety legislation

We gained an understanding of how the company is complying with these laws and regulations by making enquiries of management and those charged with governance. We corroborated these enquiries through our review of submitted returns and relevant correspondence with regulatory bodies.

We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by meeting with management and those charged with governance to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management and those charged with governance were remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how management and those charged with governance oversee the implementation and operation of controls. In areas of the financial statements where the risks were considered to be higher, we performed procedures to address each identified risk.

The following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Reviewing minutes of meetings of those charged with governance for reference to: breaches of laws and regulation or for any indication of any potential litigation and claims; and events or conditions that could indicate an incentive to pressure to commit fraud or provide an opportunity to commit fraud;
- Reviewing the level and reasoning behind the company's procurement of legal and professional services;
- Performing audit work procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing judgements made by management in their calculation of accounting estimates for potential management bias;
- Performing audit work procedures over revenue recognition; and
- Agreement of the financial statement disclosures to supporting documentation.

Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve intentional concealment, forgery, collusion, omission or misrepresentation.

There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx. This description forms part of our auditor's 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.

Johnston Carmichael LLP

Fiona Kenneth (Senior Statutory Auditor)
For and on behalf of Johnston Carmichael LLP

Date: 22/12/2022

Chartered Accountants
Statutory Auditor

Bishop's Court
29 Albyn Place
Aberdeen
AB10 1YL

SKIBO LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £000	2021 £000
Turnover	3	11,376	5,387
Cost of sales		(2,042)	(1,298)
Gross profit		9,334	4,089
Administrative expenses		(8,704)	(6,916)
Other operating income		363	1,660
Operating profit/(loss)	4	993	(1,167)
Interest receivable and similar income	7	-	1
Interest payable and similar expenses	8	(459)	(517)
Profit/(loss) before taxation		534	(1,683)
Tax on profit/(loss)	9	(309)	284
Profit/(loss) for the financial year		225	(1,399)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There was no other comprehensive income in the current or prior year other than the profit/(loss) for the financial year.

SKIBO LIMITED

BALANCE SHEET

AS AT 31 MARCH 2022

	Notes	2022 £000	2022 £000	2021 £000	2021 £000
Fixed assets					
Tangible assets	11		41,278		41,537
Current assets					
Stocks	12	408		438	
Debtors	13	1,447		1,412	
Cash at bank and in hand		4,862		4,715	
		6,717		6,565	
Creditors: amounts falling due within one year	14	(7,908)		(5,373)	
Net current (liabilities)/assets			(1,191)		1,192
Total assets less current liabilities			40,087		42,729
Creditors: amounts falling due after more than one year	15		(19,878)		(24,897)
Provisions for liabilities					
Deferred tax liability	18	733		424	
			(733)		(424)
Net assets			19,476		17,408
Capital and reserves					
Called up share capital	21		15,860		15,860
Revaluation reserve	22		10,962		10,962
Other reserves	23		1,843		-
Profit and loss reserves	24		(9,189)		(9,414)
Total equity			19,476		17,408

The financial statements were approved by the board of directors and authorised for issue on 22-12-2022 and are signed on its behalf by:

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T P Crome
Director

Company Registration No. SC125259

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2022

	Note	Share capital	Revaluation reserve	Other reserves	Profit and loss reserves	Total
		£000	£000	£000	£000	£000
Balance at 1 April 2020		15,860	10,962	-	(8,015)	18,807
Year ended 31 March 2021:						
Loss and total comprehensive income for the year		-	-	-	(1,399)	(1,399)
Balance at 31 March 2021		15,860	10,962	-	(9,414)	17,408
Year ended 31 March 2022:						
Profit and total comprehensive income for the year		-	-	-	225	225
Other movements	**23**	-	-	1,843	-	1,843
Balance at 31 March 2022		15,860	10,962	1,843	(9,189)	19,476

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £000	2022 £000	2021 £000	2021 £000
Cash flows from operating activities					
Cash generated from operations	28		2,950		3,044
Income taxes paid			-		(71)
Net cash inflow from operating activities			2,950		2,973
Investing activities					
Purchase of tangible fixed assets		(277)		(156)	
Proceeds on disposal of tangible fixed assets		31		-	
Interest received		-		1	
Net cash used in investing activities			(246)		(155)
Financing activities					
Repayment of borrowings		(1,980)		(20)	
Proceeds of new bank loans		-		1,000	
Repayment of bank loans		(166)		-	
Payment of finance leases obligations		(50)		(105)	
Interest paid		(361)		(321)	
Net cash (used in)/generated from financing activities			(2,557)		554
Net increase in cash and cash equivalents			147		3,372
Cash and cash equivalents at beginning of year			4,715		1,343
Cash and cash equivalents at end of year			4,862		4,715

1 Accounting policies

Company information
Skibo Limited is a private company limited by shares incorporated and domiciled in Scotland. The registered number is SC125259 and its registered office is The Carnegie Club, Skibo Castle, Dornoch, United Kingdom, IV25 3RQ.

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 £000.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties. The principal accounting policies adopted are set out below.

1.2 Going concern
During the year, the company made a profit after tax of £225k (2021 - loss of £1.4m). The company has net current liabilities at the balance sheet date of £1.2m (2021 - net current assets of £1.2m) which includes deferred income of £3.7m (2021 - £2.9m).

The financial statements have been prepared on the going concern basis which the directors consider to the appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonable possible downsides, the company will have sufficient funds to meet its liabilities as they fall due for that period.

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

Annual membership subscriptions, including within turnover, are accounted for on an accruals basis. Revenue from Membership joining fees is recognised upon receipt of funds.

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:

Buildings	10% of value over 50 years
Plant and equipment	5 - 20 years
Fixtures and fittings	5 - 10 years
Office equipment	4 years
Motor vehicles	4 years

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.

Land is not depreciated. Asset in course of construction are not depreciated until they are brought into use.

1 Accounting policies **(Continued)**

1.5 Fixed asset investments

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

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.

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in-first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity. Stocks are stated at the lower of cost and net realisable value.

1.8 Cash and cash equivalents

Cash and cash equivalents 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.

1.9 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.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

1 Accounting policies **(Continued)**

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

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.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction 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 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

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

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 profit or loss 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 profit or loss 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 leases asset are consumed.

1.15 *Government grants*

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received. Government grants relating to the Coronavirus Job Retention Scheme are recognised in other income in the period in which they relate.

1 Accounting policies **(Continued)**

1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

1.17 Interest receivable and Interest payable

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest payable and similar expenses include interest payable, finance expenses on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in profit and loss account (see foreign exchange accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset/are expensed as incurred.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payment is established. Foreign currency gains and losses are reported on a net basis.

2 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.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Depreciation of tangible fixed assets

The amount of depreciation charged in the financial statements is based on the directors' estimate of the useful economic life and any residual value of the related assets.

Complimentary nights accrual

Included in creditors: amounts falling due within on year is an accrual of £498,400 (2021 - £669,000) for the estimated cost of providing complimentary nights due to members.

3 Turnover

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

4 *Operating profit/(loss)*

Operating profit/(loss) for the year is stated after charging/(crediting):	2022 £000	2021 £000
Government grants	(178)	(1,456)
Fees payable to the company's auditor for the audit of the company's financial statements	35	32
Depreciation of owned tangible fixed assets	406	451
Depreciation of tangible fixed assets held under finance leases	117	129
Operating lease charges	217	216

Government grants represents amounts received by the company under the UK Government's coronavirus job retention scheme.

5 Employees

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

	2022 Number	2021 Number
Management and administration	32	25
Front of house and services	156	141
Golf course and estate	42	41
Total	230	207

Their aggregate remuneration comprised:

	2022 £000	2021 £000
Wages and salaries	4,907	3,907
Social security costs	434	251
Pension costs	86	72
	5,427	4,230

6 Directors' remuneration

	2022 £000	2021 £000
Remuneration for qualifying services	298	247
Company pension contributions to defined contribution schemes	25	22
	323	269

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2021 - 1).

6 Directors' remuneration (Continued)

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2022 £000	2021 £000
Remuneration for qualifying services	176	142
Company pension contributions to defined contribution schemes	-	22

7 Interest receivable and similar income

	2022 £000	2021 £000
Interest income		
Bank interest	-	1

8 Interest payable and similar expenses

	2022 £000	2021 £000
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	337	321
Interest on other loans	98	173
	435	494
Other finance costs:		
Interest on finance leases and hire purchase contracts	22	11
Exchange loss/(profit)	2	12
	459	517

9 Taxation

	2022 £000	2021 £000
Deferred tax		
Origination and reversal of timing differences	173	(284)
Changes in tax rates	134	-
Adjustment in respect of prior periods	2	-
Total deferred tax	309	(284)

9 Taxation **(Continued)**

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

	2022 £000	2021 £000
Profit/(loss) before taxation	534	(1,683)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	101	(320)
Tax effect of income not taxable in determining taxable profit	(14)	(15)
Other permanent differences	251	33
Deferred tax adjustments in respect of prior years	1	-
Permanent fixed asset differences	20	16
Non-deductible expenses	33	2
Remeasurement of deferred tax for changes in tax rates	(83)	-
Taxation charge/(credit) for the year	309	(284)

10 Intangible fixed assets

	Farm Entitlement £000
Cost	
At 1 April 2021 and 31 March 2022	84
Amortisation and impairment	
At 1 April 2021 and 31 March 2022	84
Carrying amount	
At 31 March 2022	-
At 31 March 2021	-

11 Tangible fixed assets

	Buildings	Assets under construction	Plant and equipment	Fixtures and fittings	Office equipment	Motor vehicles	Total
	£000	£000	£000	£000	£000	£000	£000
Cost							
At 1 April 2021	41,203	73	2,299	7,445	467	1,400	52,887
Additions	-	15	18	132	16	96	277
Disposals	-	-	-	-	-	(45)	(45)
At 31 March 2022	41,203	88	2,317	7,577	483	1,451	53,119
Depreciation and impairment							
At 1 April 2021	1,390	-	2,166	6,276	424	1,094	11,350
Depreciation charged in the year	80	-	66	226	20	131	523
Eliminated in respect of disposals	-	-	-	-	-	(32)	(32)
At 31 March 2022	1,470	-	2,232	6,502	444	1,193	11,841
Carrying amount							
At 31 March 2022	39,733	88	85	1,075	39	258	41,278
At 31 March 2021	39,813	73	133	1,169	43	306	41,537

11 Tangible fixed assets (Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2022 £000	2021 £000
Assets held under finance leases	211	288

12 Stocks

	2022 £000	2021 £000
Raw materials and consumables	165	191
Work in progress	60	44
Finished goods and goods for resale	183	203
	408	438

13 Debtors

	2022	2021
Amounts falling due within one year:	£000	£000
Trade debtors	995	993
Other debtors	200	140
Prepayments and accrued income	252	279
	1,447	1,412

14 Creditors: amounts falling due within one year

	Notes	2022 £000	2021 £000
Bank loans	16	167	-
Obligations under finance leases	17	66	73
Trade creditors		2,529	1,073
Taxation and social security		709	508
Deferred income	19	3,695	2,935
Other creditors		103	8
Accruals and deferred income		639	776
		7,908	5,373

15 Creditors: amounts falling due after more than one year

	Notes	2022 £000	2021 £000
Bank loans and overdrafts	16	12,667	13,000
Obligations under finance leases	17	134	177
Other borrowings	16	4,575	8,300
Deferred income	19	2,502	2,890
Other creditors		-	530
		19,878	24,897

16 Loans and overdrafts

	2022 £000	2021 £000
Bank loans	12,834	13,000
Loans from group undertakings	4,575	8,300
	17,409	21,300
Payable within one year	167	-
Payable after one year	17,242	21,300

The bank loan 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. Interest is charged at 2.5% above LIBOR until 1 January 2022 when the change to SONIA was effective. As at the 31 March 2022, the loan was repayable in 2023.

The loan from the parent undertaking is in respect of amounts advanced to the company by its parent, Scytherbolle Limited. Interest is charged at 2% above UK base rate. As at 31 March 2022, the loan and interest is repayable in 2024.

17 Finance lease obligations

Future minimum lease payments due under finance leases:	2022 £000	2021 £000
Within one year	66	73
In two to five years	134	177
	200	250

18 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

Balances:	Liabilities 2022 £000	Liabilities 2021 £000
Accelerated capital allowances	1,131	780
Tax losses	(378)	(347)
Other short-term timing differences	(20)	(9)
	733	424

Movements in the year:	2022 £000
Liability at 1 April 2021	424
Charge to profit or loss	309
Liability at 31 March 2022	733

The company has an unrecognised deferred tax asset of £1,079,748 (2021 - £801,958) in relation to the Scytherbolle loan which has not been recognised due to uncertainty in its recovery.

19 Deferred income

	2022 £000	2021 £000
Other deferred income	6,197	5,825

Deferred income is included in the financial statements as follows:		
Current liabilities	3,695	2,935
Non-current liabilities	2,502	2,890
	6,197	5,825

20 Retirement benefit schemes

Defined contribution schemes	2022 £000	2021 £000
Charge to profit or loss in respect of defined contribution schemes	86	72

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.

21 Share capital

	2022	2021	2022	2021
Ordinary share capital	**Number**	**Number**	**£000**	**£000**
Issued and fully paid				
Ordinary shares of £1 each	6,720,660	6,720,660	6,721	6,721
Ordinary shares 2 of £1 each	9,139,000	9,139,000	9,139	9,139
	15,859,660	15,859,660	15,860	15,860

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meeting of the company.

22 Revaluation reserve

The revaluation reserve represents the increased value, after consideration of future tax consequences, of the assets since their original acquisition by the company.

23 Other reserves

Other reserves represents amounts taken to equity as a result of the forgiveness of parent company loan interest. See note 26.

24 Profit and loss reserves

The profit and loss reserves represents the cumulative profits or losses, net of dividends and other adjustments.

25 Operating lease commitments

Lessee

	2022	2021
	£000	**£000**
Within one year	133	61
Between two and five years	66	3
	199	64

During the year £217k (2021 - £216k) was recognised as an expense in the profit and loss account in respect of operating leases.

26 Related party transactions

Transactions with related parties

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

	Sales		Purchases	
	2022	2021	2022	2021
	£000	£000	£000	£000
Ellis Short	197	10	-	-
Kitano Capital LLC	-	-	300	300

The following amounts were outstanding at the reporting end date:

Amounts due from related parties	2022 £000	2021 £000
Ellis Short	196	10

Other information

The company entered into transactions with Kitano Capital LLC, a company controlled by Ellis Short, who is a connected party to the ultimate beneficial owner of Skibo Limited. All transactions occurred in the ordinary course of business and at arm's length prices.

In prior years, the company borrowed £9.5m from its parent undertaking, Scytherbolle Limited. Up to 31 March 2021, interest payments of £475k were made, and £5.5m of the loan plus accrued interest of £3.6m was capitalised. The remaining £4.5m was extended to 2024 and as at that date interest of £3.9m had accrued. During the year ended 31 March 2022, £1.98m was repaid and Scytherbolle Limited forgave interest of £1.84m. Further interest of £98k was accrued and the resulting loan balance at 31 March 2022 was £4.57m. The terms of the loan are disclosed in Note 16.

27 Ultimate parent company

The company's ultimate parent undertaking is Scytherbolle Limited, a company registered in Bermuda.

28 Cash generated from operations

	2022 £000	2021 £000
Profit/(loss) for the year after tax	225	(1,399)
Adjustments for:		
Taxation charged/(credited)	309	(284)
Finance costs	459	517
Investment income	-	(1)
(Gain)/loss on disposal of tangible fixed assets	(18)	38
Depreciation and impairment of tangible fixed assets	523	580
Movements in working capital:		
Decrease in stocks	30	153
Increase in debtors	(35)	(544)
Increase in creditors	1,085	1,528
Increase in deferred income	372	2,458
Cash generated from operations	2,950	3,046

29 Analysis of changes in net debt

	1 April 2021 £000	Cash flows £000	Interest movements £000	Other non-cash movements £000	31 March 2022 £000
Cash at bank and in hand	4,715	147	-	-	4,862
Borrowings excluding overdrafts	(21,300)	2,483	(435)	1,843	(17,409)
Obligations under finance leases	(250)	50	-	-	(200)
	(16,835)	2,680	(435)	1,843	(12,747)