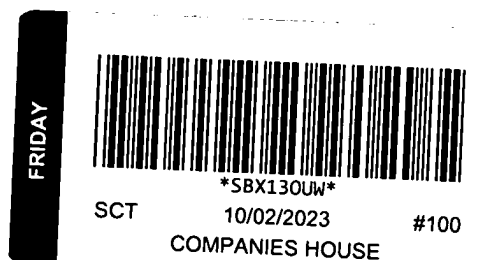


Pacific Shelf 636 Limited

Registered number: SC157753

Annual Report

For the year ended 31 December 2021



PACIFIC SHELF 636 LIMITED

COMPANY INFORMATION

Director	J Thomson
Company secretary	W Thomson
Registered number	SC157753
Registered office	352 Castlehill The Royal Mile Edinburgh EH1 2NF
Trading Address	352 Castlehill The Royal Mile Edinburgh EH1 2NF
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor Apex 2 97 Haymarket Terrace Edinburgh EH12 5HD
Bankers	The Royal Bank of Scotland plc 36 St Andrew Square Edinburgh EH2 2YB
Solicitors	Shepherd and Wedderburn 1 Exchange Crescent Conference Square Edinburgh EH3 8UL

PACIFIC SHELF 636 LIMITED

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PACIFIC SHELF 636 LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Introduction

The Director present his Strategic Report for Pacific Shelf 636 Limited for the year ended 31 December 2021.

Principal activity

The Company's principal activity continued to be that of a holding company.

The Group's principal activities continued to be that of restaurateurs and hoteliers.

Business review

In the year to 31 December 2021, the COVID-19 pandemic continued to have a dramatic negative impact on the hospitality sector, as well as the wider economy. In line with Scottish Government enforcement business remained closed for the first 4 months of the year and then suffered from further Government restrictions on serving alcohol indoors and trading hours. The Royal Edinburgh Military Tattoo was cancelled and the Edinburgh Festival cancelled most indoor events. International travel was hugely restricted throughout the year. In December the reoccurrence of the virus caused restricted travel, and cancellations having further negative impact on the business. Due to the Scottish Government restrictions on large events and gatherings the events side of the business was forced to close for the majority of the year. When restrictions were finally lifted and large events could take place, sadly the virus had returned and again was forced to close resulting in cancellations of the entire Christmas and Hogmanay events calendar which had a huge negative impact on sales.

In the year to 31 December 2021 the business traded profitability when open however the enforced closure of hospitality establishments from January to May 2021 along with various restrictions on opening hours and the ban of service of alcohol has had a negative impact on trading during the year. The Company has obviously benefited from ongoing support from various government schemes, including furlough, CBILS, rates relief, reduced VAT, and more importantly from an extremely dedicated staff and customer base, without whom the results for the year would have been a lot worse. The Company's bankers have also provided significant support during the year. The business has traded well when open and there is good reason to be optimistic about the future. The Director is happy with the results achieved despite the challenging economic climate.

Due to the actions noted above, the Director is confident that the Company can continue as a going concern. The Company's establishments thrive on repeat custom and a high standing reputation, and the list of accolades the Company's restaurants continues to receive provides further assurance of their strong position in the market.

Financial risk management objectives and policies

The Group finances its operations through a mixture of retained profits, and where necessary to fund expansion or capital expenditure programmes, through bank borrowings. The managements' objectives are to:

- retain sufficient liquid funds to enable it to meet its day to day obligations as they fall due whilst maximising returns on surplus funds;
- minimise the Group's exposure to fluctuating interest rates when seeking new borrowings; and
- match the repayment schedule of any external borrowings or overdrafts with the expected future cash flows expected to arise from the Group's trading activities.

The Group does not use hedge accounting.

As all the Group's surplus funds are held in Sterling bank accounts and its borrowings are all obtained from a standard bank loan, there is no risk of price exposure.

PACIFIC SHELF 636 LIMITED


**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Financial key performance indicators

EBITDA is regarded as the major performance indicator. This has increased from (£231,028) to £2,443,194 (excluding non-recurring management charges and impairment) as a result in the improvements in trading following COVID-19.

Gross profit margin is also reviewed by the Director with this year's gross profit margin increasing from (10.4%) to 45% as a result of the negative impact COVID-19 had on the business in the prior year. A gross loss was made in the prior year due to the allocation of furlough income to other operating income.

This report was approved by the Board on and signed on its behalf.


J Thomson (Feb 9, 2023 15:58 GMT)

J Thomson
Director

Date: Feb 9, 2023

PACIFIC SHELF 636 LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The Director presents his report and the financial statements for the year ended 31 December 2021.

Director's responsibilities statement

The Director is responsible for preparing the Group Strategic Report, the Director's Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the Director to prepare financial statements for each financial year. Under that law the Director has elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the Director is required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Director is 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 the Group and to enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £1,387,420 (2020 - loss of £1,051,148).

Particulars of the dividends paid are detailed in note 12 to the financial statements.

Director

The Director who served during the year was:

J Thomson

Employees

Disabled employees

The Group gives full and fair consideration to applications for employment from disabled persons where the requirement of the job may be adequately covered by a handicapped or disabled person. With regards to existing employees who become disabled, the Group has continued to examine ways of providing continuing employment under normal terms and conditions and to provide training, career development and promotion where appropriate.

PACIFIC SHELF 636 LIMITED

**DIRECTOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Employee involvement

The Group acknowledges the importance of employees in delivering the Group's business plan and ensures employees are provided with relevant information and involved in matters that are of concern to them. To further assist this process, the Group has established an employee forum to encourage employees to provide ideas and feedback to management on all aspects of its operations.

The Group treats all employees with dignity and respect and provides an environment for learning and working that is free from unlawful discrimination, harassment, bullying and victimisation. During the year, the policy of providing employees with information about the Group has been continued.

Matters covered in the Group Strategic Report

As permitted by section 414C(11) of the Companies Act 2006, certain matters which are required to be disclosed in the Directors' Report have been omitted as they are included in the Strategic Report instead. These matters relate to; principal activities, business review, financial risk management objectives and policies, and key performance indicators.

Disclosure of information to auditor


The Director at the time when this Director's Report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- he has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Post balance sheet events

On 24 February 2022 Russian Forces entered Ukraine, resulting in Western Nation reactions including announcements of sanctions against Russia and Russian interests worldwide and an economic ripple effect on the global economy. The Director has carried out an assessment of the potential impact of Russian Forces entering Ukraine on the business, including the impact of mitigation measures and uncertainties, and have concluded that this is a non-adjusting post balance sheet event with the greatest impact on the business expected to be from the economic ripple effect on the global economy. The Director has taken account of these potential impacts in their going concern assessment.

This report was approved by the Board and signed on its behalf.


James Thomson (Feb 9, 2023 15:58 GMT)

J Thomson
Director

Date: Feb 9, 2023

PACIFIC SHELF 636 LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PACIFIC SHELF 636 LIMITED

Opinion

We have audited the financial statements of Pacific Shelf 636 Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group and Parent Company's affairs as at 31 December 2021 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Director's 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 Group and Parent 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 Director with respect to going concern are described in the relevant sections of this report.

PACIFIC SHELF 636 LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PACIFIC SHELF 636 LIMITED

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 Director is 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 the audit:

- the information given in the Group Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Director's Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Director's 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 Director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

PACIFIC SHELF 636 LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PACIFIC SHELF 636 LIMITED

Responsibilities of Director

As explained more fully in the Director's Responsibilities Statement set out on page 3, the Director is 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 Director determines 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 Director is responsible for assessing the Group and the Parent 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 Director intends either to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

Based on our understanding of the Group and the Parent Company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation and non-compliance with implementation of government support schemes relating to COVID-19.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the Company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation and the Companies Act 2006.

PACIFIC SHELF 636 LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PACIFIC SHELF 636 LIMITED

In addition, we evaluated the Director's and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of override of controls, and determined that the principal risks were related to: posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to revenue recognition (which we pinpointed to the cut-off assertion), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit 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.

Craig Maxwell

Craig Maxwell (Feb 10, 2023 07:40 GMT)

Craig Maxwell (Senior statutory auditor)

for and on behalf of

Mazars LLP
Chartered Accountants and Statutory Auditor
Apex 2
97 Haymarket Terrace
Edinburgh
EH12 5HD

Date: Feb 10, 2023

PACIFIC SHELF 636 LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £	2020 £
Turnover	4	7,899,605	4,004,787
Cost of sales		(4,315,559)	(4,420,457)
Gross profit/(loss)		<u>3,584,046</u>	<u>(415,670)</u>
Administrative expenses		(2,830,809)	(2,679,698)
Other operating income	5	1,096,987	2,249,887
Operating profit/(loss)	6	<u>1,850,224</u>	<u>(845,481)</u>
Interest payable and similar expenses	10	(158,314)	(139,364)
Profit/(loss) before taxation		<u>1,691,910</u>	<u>(984,845)</u>
Tax on profit/(loss)	11	(304,490)	(66,303)
Profit/(loss) for the financial year		<u><u>1,387,420</u></u>	<u><u>(1,051,148)</u></u>
Profit/(loss) for the year attributable to:			
Owners of the parent company		<u><u>1,387,420</u></u>	<u><u>(1,051,148)</u></u>
Total comprehensive income for the year attributable to:			
Owners of the parent company		<u><u>1,387,420</u></u>	<u><u>(1,051,148)</u></u>

There was no other comprehensive income for 2021 (2020 - £Nil).


The notes on pages 18 to 37 form part of these financial statements.

PACIFIC SHELF 636 LIMITED
REGISTERED NUMBER: SC157753

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible fixed assets	13	2,942,848	3,201,379
Tangible fixed assets	14	6,649,106	6,699,801
		<u>9,591,954</u>	<u>9,901,180</u>
Current assets			
Stocks	16	2,145,831	2,107,884
Debtors	17	664,719	828,348
Cash and cash equivalents	18	4,020,552	2,010,666
		<u>6,831,102</u>	<u>4,946,898</u>
Creditors: amounts falling due within one year	19	(3,482,690)	(2,006,299)
Net current assets		<u>3,348,412</u>	<u>2,940,599</u>
Total assets less current liabilities		<u>12,940,366</u>	<u>12,841,779</u>
Creditors: amounts falling due after more than one year	20	(6,778,083)	(7,834,866)
Deferred taxation	24	(59,091)	(51,141)
Net assets		<u><u>6,103,192</u></u>	<u><u>4,955,772</u></u>
Capital and reserves			
Called up share capital	25	400,002	400,002
Revaluation reserve	26	785,375	785,375
Profit and loss account	26	4,917,815	3,770,395
Equity attributable to owners of the parent company		<u>6,103,192</u>	<u>4,955,772</u>
		<u><u>6,103,192</u></u>	<u><u>4,955,772</u></u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf by:


J Thomson (Feb 9, 2023 15:58 GMT)

J Thomson
Director

Date: Feb 9, 2023


The notes on pages 18 to 37 form part of these financial statements.

PACIFIC SHELF 636 LIMITED
REGISTERED NUMBER: SC157753

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Investments	15	800,000	800,000
Current assets			
Debtors	17	2	2
Creditors: amounts falling due within one year	19	(400,000)	(400,000)
Net current liabilities		(399,998)	(399,998)
Net assets		400,002	400,002
Capital and reserves			
Called up share capital	25	400,002	400,002

The financial statements were approved and authorised for issue by the Board and were signed on its behalf by:


 J Thomson (Feb 9, 2023 15:58 GMT)

J Thomson
 Director

Date: Feb 9, 2023

PACIFIC SHELF 636 LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital	Revaluation reserve	Profit and loss account	Equity attributable to owners of parent company	Total equity
	£	£	£	£	£
At 1 January 2021	400,002	785,375	3,770,395	4,955,772	4,955,772
Comprehensive income for the year					
Profit for the year	-	-	1,387,420	1,387,420	1,387,420
Total comprehensive income for the year	-	-	1,387,420	1,387,420	1,387,420
Transactions with owners					
Dividends: Equity capital	-	-	(240,000)	(240,000)	(240,000)
Total transactions with owners	-	-	(240,000)	(240,000)	(240,000)
At 31 December 2021	400,002	785,375	4,917,815	6,103,192	6,103,192

The notes on pages 18 to 37 form part of these financial statements.

PACIFIC SHELF 636 LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital £	Revaluation reserve £	Profit and loss account £	Equity attributable to owners of parent company £	Non- controlling interests £	Total equity £
At 1 January 2020	400,002	785,375	4,432,574	5,617,951	628,969	6,246,920
Comprehensive income for the year						
Loss for the year	-	-	(1,051,148)	(1,051,148)	-	(1,051,148)
Total comprehensive income for the year	-	-	(1,051,148)	(1,051,148)	-	(1,051,148)
Transactions with owners						
Dividends: Equity capital	-	-	(240,000)	(240,000)	-	(240,000)
Transfer to profit and loss account	-	-	628,969	628,969	-	628,969
Transfer from non- controlling interests	-	-	-	-	(628,969)	(628,969)
Total transactions with owners	-	-	388,969	388,969	(628,969)	(240,000)
At 31 December 2020	400,002	785,375	3,770,395	4,955,772	-	4,955,772

The notes on pages 18 to 37 form part of these financial statements.

PACIFIC SHELF 636 LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2021	400,002	-	400,002
Comprehensive income for the year			
Profit for the year	-	240,000	240,000
	<u>-</u>	<u>240,000</u>	<u>240,000</u>
Total comprehensive income for the year			
	-	240,000	240,000
Transactions with owners			
Dividends: Equity capital	-	(240,000)	(240,000)
	<u>-</u>	<u>(240,000)</u>	<u>(240,000)</u>
At 31 December 2021	<u>400,002</u>	<u>-</u>	<u>400,002</u>

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2020	400,002	-	400,002
Comprehensive income for the year			
Profit for the year	-	240,000	240,000
	<u>-</u>	<u>240,000</u>	<u>240,000</u>
Total comprehensive income for the year			
	-	240,000	240,000
Transactions with owners			
Dividends: Equity capital	-	(240,000)	(240,000)
	<u>-</u>	<u>(240,000)</u>	<u>(240,000)</u>
At 31 December 2020	<u>400,002</u>	<u>-</u>	<u>400,002</u>

The notes on pages 18 to 37 form part of these financial statements.

PACIFIC SHELF 636 LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 £	2020 £
Cash flows from operating activities		
Profit/(loss) for the financial year	1,387,420	(1,051,148)
Adjustments for:		
Amortisation of intangible fixed assets	262,781	262,356
Depreciation of tangible fixed assets	330,188	352,096
Interest paid	158,314	137,236
Taxation	304,490	66,303
(Increase)/decrease in stocks	(37,946)	106,210
Decrease/(increase) in debtors	163,629	(310,388)
Increase/(decrease) in creditors	745,307	(1,172,416)
Corporation tax	(119,586)	(53,261)
Net cash generated from/(used in) operating activities	3,194,597	(1,663,012)
Cash flows from investing activities		
Purchase of investments	-	(2,771,595)
Purchase of intangible fixed assets	(4,250)	-
Purchase of tangible fixed assets	(228,926)	(165,271)
Sale of tangible fixed assets	-	65,178
Net cash used in investing activities	(233,176)	(2,871,688)
Cash flows from financing activities		
New secured loans	-	5,165,871
Repayment of loans	(543,828)	-
New other loans	-	255,000
Repayment of hire purchase contracts	(8,668)	(62,808)
Dividends paid	(240,000)	(240,000)
Interest paid	(158,314)	(137,236)
Net cash (used in)/generated from financing activities	(950,810)	4,980,827
Net increase in cash and cash equivalents	2,010,611	446,127
Cash and cash equivalents at beginning of year	2,009,941	1,563,814
Cash and cash equivalents at the end of year	4,020,552	2,009,941

PACIFIC SHELF 636 LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	£	£
Cash and cash equivalents at the end of the year comprise:		
Cash at bank and in hand	4,020,552	2,010,666
Bank overdrafts	-	(725)
	<u>4,020,552</u>	<u>2,009,941</u>

The notes on pages 18 to 37 form part of these financial statements.

PACIFIC SHELF 636 LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021**

(i) Analysis of net debt

	At 1 January 2021 £	Cash flows £	New finance leases £	Other non- cash changes £	At 31 December 2021 £
Cash at bank and in hand	2,010,666	2,009,886	-	-	4,020,552
Bank overdrafts	(725)	725	-	-	-
Debt due after 1 year	(7,834,866)	-	-	1,119,746	(6,715,120)
Debt due within 1 year	(600,719)	543,828	-	(1,119,746)	(1,176,637)
Finance leases	-	8,668	(60,680)	-	(52,012)
	<u>(6,425,644)</u>	<u>2,563,107</u>	<u>(60,680)</u>	<u>-</u>	<u>(3,923,217)</u>

The notes on pages 18 to 37 form part of these financial statements.

PACIFIC SHELF 636 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

1. General information

Pacific Shelf 636 Limited is a private company, limited by shares and is registered and incorporated in Scotland. The registered office is 352 Castlehill, The Royal Mile, Edinburgh, EH1 2NF. The Company's registered number is SC157753.

The Company's principal activity continued to be that of a holding company.

The Group's principal activities continued to be that of restaurateurs and hoteliers.

The financial statements have been presented in Pounds Sterling (£), this being the functional currency of the Company. Monetary amounts included within these financial statements are rounded to the nearest whole £1.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Consolidated Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

PACIFIC SHELF 636 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.3 Going concern

Government controls to contain the COVID-19 pandemic effectively stopped the Group's ability to make sales for several months from March 2020, and again after Christmas 2020 through until April 2021. The events side of the business remained closed until September 2021 due to the Scottish Governments restrictions on large gatherings and with the reoccurrence of the virus in December 2021 with cancellations of Christmas and Hogmanay celebrations both which caused a huge negative impact on sales. The business has been trading well and profitably since reopening which is extremely encouraging. Revised projections have been made for the remainder of 2022 and for the year to December 2023 which set out the Group's return to profitability. Comfort has been taken over the bookings that are in place for the year ahead and the support that has been received from customers since reopening. The Group has a significant positive cash balance at 31 January 2023 which will ensure they can continue to meet liabilities as they fall due.

Based on the above, in addition to the reasons disclosed in the Strategic Report, the Director believes that it is appropriate to prepare the financial statements on a going concern basis.

2.4 Turnover

Turnover, which comprises goods and services sold as part of the Group's continuing ordinary activities as hoteliers and restaurateurs is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Turnover, is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover, from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

PACIFIC SHELF 636 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.5 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Statement of Comprehensive Income over its useful economic life of 20 years.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Website costs - 10 years

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

PACIFIC SHELF 636 LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.6 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Heritable properties	- 2% straight line or nil
Equipment, dishes and utensils	- 15% straight line
Motor vehicles	- 25% straight line
Fixtures & fittings and computer equipment	- 15% and 33% straight line
Artwork	- nil

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

The Group has taken advantage of the transitional relief granted by FRS 102 section 35.10(d) whereby a first-time adopter of FRS 102 may elect to use a previous GAAP revaluation of tangible fixed assets at, or before the date of transition to this FRS as its deemed cost at the revaluation date.

No depreciation is provided on certain of the Group's heritable property. It is the director's belief that the residual value of these assets is at least equal to the book value. Having regard to this, it is considered that depreciation of any property as required by Companies Act 2006 and standard accounting practice would not be material. The book value of property held at the year end which is not depreciated is £4,007,653 (2020 - £4,007,653).

The Group's art collection is deemed to have indeterminate life and is appreciating in value; hence the director does not consider it appropriate to charge depreciation. The book value of artwork held at the year end which is not depreciated is £684,449 (2020 - £684,449).

Heritable property and artwork which is not depreciated is reviewed for impairment at each year end in accordance with the requirements of FRS 102 Section 17. An impairment review comprises of a comparison of the carrying amount of the asset and its recoverable amount, being higher of the net realisable value and the value in use. An asset is impaired to the extent that the carrying amount exceeds the recoverable amount. Any impairment loss identified is recognised in the Consolidated Statement of Comprehensive Income, unless it relates to the revaluation reserve.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

PACIFIC SHELF 636 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.8 Stocks

Stocks, comprising food and drinks, are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Consolidated Statement of Comprehensive Income.

2.9 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.11 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

2.12 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

PACIFIC SHELF 636 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.13 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Consolidated Statement of Comprehensive Income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated Statement of Comprehensive Income in the same period as the related expenditure and when the criteria attached to the grant have been met.

2.14 Finance costs

Finance costs are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.15 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.16 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.17 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.18 Borrowing costs

All borrowing costs are recognised in the Consolidated Statement of Comprehensive Income in the year in which they are incurred.

PACIFIC SHELF 636 LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.19 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, 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, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Directors consider that the carrying value of current and non-current assets to be areas subject to management judgement and uncertainty, and the need for potential provisions for impairment. The Directors obtain external valuations of the heritable property and artwork and review the underlying value of the investments on a regular basis which provides comfort over the values within the accounts, and they are reviewed on an annual basis for any indications of impairment, along with other assets including debtors and stock.

PACIFIC SHELF 636 LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

4. Turnover

All turnover arose within the United Kingdom and is attributable to the principal activity of the Group.

5. Other operating income

	2021 £	2020 £
Government grants	1,091,074	1,845,753
Insurance claims receivable	-	250,000
Investment wine sales	5,913	154,134
	<u>1,096,987</u>	<u>2,249,887</u>

6. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2021 £	2020 £
Depreciation of tangible fixed assets	330,188	352,096
Amortisation of intangible assets	262,781	262,356
Operating lease rentals	83,967	87,440
	<u>676,936</u>	<u>701,892</u>

7. Auditor's remuneration

	2021 £	2020 £
Fees payable to the Group's auditor for the audit of the Group's annual financial statements	<u>20,500</u>	<u>15,850</u>

Fees payable to the Group's auditor in respect of:

Other services relating to taxation	4,200	6,000
All other services	115,492	125,066
	<u>119,692</u>	<u>131,066</u>

PACIFIC SHELF 636 LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

8. Employees

Staff costs, including Director's remuneration, were as follows:

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Wages and salaries	3,208,017	3,755,263	-	-
Social security costs	258,480	286,108	-	-
Cost of defined contribution scheme	53,905	63,245	-	-
	<u>3,520,402</u>	<u>4,104,616</u>	<u>-</u>	<u>-</u>

The Group's average monthly number of employees, including the Director, during the period was 183 (2020 - 244).

9. Director's remuneration

	2021 £	2020 £
Director's emoluments	<u>1,041</u>	<u>5,358</u>

There were no (2020 - £Nil) pension contributions made to the Directors' personal pension plan during the year.

10. Interest payable and similar expenses

	2021 £	2020 £
Bank interest payable	158,314	137,236
Finance leases and hire purchase contracts	-	2,128
	<u>158,314</u>	<u>139,364</u>

PACIFIC SHELF 636 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

11. Taxation

	2021	2020
	£	£
Corporation tax		
Current tax on profits for the year	296,853	1,471
Adjustments in respect of previous periods	(313)	-
Total current tax	<u>296,540</u>	<u>1,471</u>
Deferred tax		
Origination and reversal of timing differences	7,950	64,832
Taxation on profit on ordinary activities	<u><u>304,490</u></u>	<u><u>66,303</u></u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021	2020
	£	£
Profit/(loss) on ordinary activities before tax	<u>1,691,910</u>	<u>(984,845)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	321,463	(187,121)
Effects of:		
Expenses not deductible for tax purposes	55,828	56,944
Capital allowances for year in excess of depreciation	8,518	18,930
Deferred tax not recognised	(44,870)	186,954
Adjustments to tax charge in respect of prior periods	(313)	-
Other timing differences leading to an (decrease)/increase in taxation	-	6
Remeasurment of deferred tax for changes in tax rates	(36,136)	(9,410)
Total tax charge for the year	<u><u>304,490</u></u>	<u><u>66,303</u></u>

PACIFIC SHELF 636 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

11. Taxation (continued)

Factors that may affect future tax charges

The Group has trading losses of £1,092,789 (2020 - £1,159,679) available to carry forward against future taxable profits.

The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the United Kingdom would increase from 19% to 25%. Companies with profits of £50,000 or less would continue to be taxed at 19%, which was a new small profits rate. Where taxable profits were between £50,000 and £250,000, the higher 25% rate would apply but with a marginal relief applying as profits increased.

12. Dividends

	2021	2020
	£	£
On equity capital	<u>240,000</u>	<u>240,000</u>

PACIFIC SHELF 636 LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

13. Intangible assets

Group

	Website costs £	Goodwill £	Total £
Cost			
At 1 January 2021	-	5,247,112	5,247,112
Additions	4,250	-	4,250
At 31 December 2021	4,250	5,247,112	5,251,362
Amortisation			
At 1 January 2021	-	2,045,733	2,045,733
Charge for the year	425	262,356	262,781
At 31 December 2021	425	2,308,089	2,308,514
Net book value			
At 31 December 2021	3,825	2,939,023	2,942,848
At 31 December 2020	-	3,201,379	3,201,379

PACIFIC SHELF 636 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

14. Tangible fixed assets

Group

	Heritable properties £	Equipment, dishes and utensils £	Fixtures, fittings and computer equipment £	Artwork £	Total £
Cost					
At 1 January 2021	6,017,390	1,744,059	3,518,953	684,449	11,964,851
Additions	-	118,680	160,813	-	279,493
At 31 December 2021	<u>6,017,390</u>	<u>1,862,739</u>	<u>3,679,766</u>	<u>684,449</u>	<u>12,244,344</u>
Depreciation					
At 1 January 2021	911,780	1,441,473	2,911,797	-	5,265,050
Charge for the year	40,195	93,794	194,304	-	328,293
Charge for the year on financed assets	-	1,895	-	-	1,895
At 31 December 2021	<u>951,975</u>	<u>1,537,162</u>	<u>3,106,101</u>	<u>-</u>	<u>5,595,238</u>
Net book value					
At 31 December 2021	<u>5,065,415</u>	<u>325,577</u>	<u>573,665</u>	<u>684,449</u>	<u>6,649,106</u>
At 31 December 2020	<u>5,105,610</u>	<u>302,586</u>	<u>607,156</u>	<u>684,449</u>	<u>6,699,801</u>

The artwork was valued in September 2012 giving rise to a revaluation reserve as at the date of transition to FRS102 of £676,550.

Certain properties were valued in 1991 giving rise to a revaluation reserve at the date of transition to FRS102 of £108,825.

These valuations are treated as cost under FRS 102 as per the accounting policy at note 2.6.

PACIFIC SHELF 636 LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

15. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost	
At 1 January 2021	800,000
At 31 December 2021	800,000
Net book value	
At 31 December 2021	800,000
At 31 December 2020	800,000

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
Castlegate Investments (Edinburgh) Limited	Restaurateurs	Ordinary	100%
Prestonfield House Hotel Limited	Restaurateurs and hoteliers	Ordinary	100%

The above companies are registered in Scotland and their registered office address is 352 Castlehill, Edinburgh, EH1 2NF.

16. Stocks

	Group 2021 £	Group 2020 £
Consumables and finished goods	2,145,831	2,107,884

PACIFIC SHELF 636 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

17. Debtors

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade debtors	71,839	127,438	-	-
Other debtors (note 29)	202,037	210,291	2	2
Prepayments and accrued income	390,843	490,619	-	-
	<u>664,719</u>	<u>828,348</u>	<u>2</u>	<u>2</u>

18. Cash and cash equivalents

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Cash at bank and in hand	4,020,552	2,010,666	-	-
Less: bank overdrafts (note 19)	-	(725)	-	-
	<u>4,020,552</u>	<u>2,009,941</u>	<u>-</u>	<u>-</u>

19. Creditors: Amounts falling due within one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Bank overdrafts	-	725	-	-
Bank loans (note 21)	1,125,637	549,719	-	-
Other loans (note 21)	51,000	51,000	-	-
Trade creditors	472,253	128,520	-	-
Amounts owed to group undertakings (note 29)	-	-	400,000	400,000
Corporation tax	286,924	109,970	-	-
Taxation and social security	427,461	246,355	-	-
Obligations under finance lease and hire purchase contracts (note 22)	34,674	-	-	-
Other creditors	16,140	2,291	-	-
Accruals and deferred income	1,068,601	917,719	-	-
	<u>3,482,690</u>	<u>2,006,299</u>	<u>400,000</u>	<u>400,000</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

PACIFIC SHELF 636 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

20. Creditors: Amounts falling due after more than one year

	Group 2021 £	Group 2020 £
Bank loans (note 21)	6,555,214	7,630,866
Other loans	159,906	204,000
Obligations under finance leases and hire purchase contracts (note 22)	17,338	-
Accruals and deferred income	45,625	-
	<u>6,778,083</u>	<u>7,834,866</u>

21. Loans

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Amounts falling due within one year				
Bank loans	1,125,637	549,719	-	-
Other loans	51,000	51,000	-	-
	<u>1,176,637</u>	<u>600,719</u>	<u>-</u>	<u>-</u>
Amounts falling due 1-2 years				
Bank loans	2,970,168	1,066,293	-	-
Other loans	51,000	51,000	-	-
	<u>3,021,168</u>	<u>1,117,293</u>	<u>-</u>	<u>-</u>
Amounts falling due 2-5 years				
Bank loans	3,585,046	4,546,010	-	-
Other loans	108,906	153,000	-	-
	<u>3,693,952</u>	<u>4,699,010</u>	<u>-</u>	<u>-</u>
Amounts falling due after more than 5 years				
Bank loans	-	2,018,563	-	-
	<u>-</u>	<u>2,018,563</u>	<u>-</u>	<u>-</u>
	<u>7,891,757</u>	<u>8,435,585</u>	<u>-</u>	<u>-</u>

PACIFIC SHELF 636 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

21. Loans (continued)

Secured loans

The Group has a number of bank loans with The Royal Bank of Scotland PLC.

The bank loans and overdrafts are secured by a standard security over the heritable property as well as a bond and floating charge over the assets and undertakings of the Group. There is also a charge over the director's life assurance policy.

Two of the bank loans are repayable by quarterly instalments and are due to be repaid by October 2023 following a 12 month capital repayment holiday. Interest is payable at a rate of 2.5% above base rate.

A third bank loan is repayable in monthly instalments and is due to be repaid by March 2026. Interest is payable on the loan at 1.75% over Base Rate.

Two CBILs loans were taken out in the prior year which are repayable in month instalments and are due to be repaid by June 2026 and November 2026. These loans are interest free for the first 12 months and thereafter bear interest at a rate of 2.62% and 3.96% over Base Rate respectively.

An additional loan was obtained in the prior year from one of the subsidiary's Pension Fund. The loan is repayable in annual instalments and is due to be repaid by February 2025. Interest is payable on the loan annually at a rate of 3.25% of the loan amount.

22. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2021 £	Group 2020 £
Within one year	34,674	-
Between 1-5 years	17,338	-
	<u>52,012</u>	<u>-</u>

Hire purchase liabilities are secured on the assets to which they relate.

PACIFIC SHELF 636 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

23. Financial instruments

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Financial assets				
Financial assets measured at amortised cost	4,294,427	2,348,395	2	2
	<u>4,294,427</u>	<u>2,348,395</u>	<u>2</u>	<u>2</u>
Financial liabilities				
Financial liabilities measured at amortised cost	(9,500,761)	(9,484,840)	(400,000)	(400,000)
	<u>(9,500,761)</u>	<u>(9,484,840)</u>	<u>(400,000)</u>	<u>(400,000)</u>

Financial assets measured at amortised cost comprise trade and other debtors and cash and cash equivalents. Appropriate allowances for estimated irrecoverable amounts are recognised including where there is objective evidence that the asset is impaired.

Financial liabilities comprise trade and other creditors, accruals, bank loans and hire purchase liabilities.

24. Deferred taxation

Group

	2021 £
At beginning of year	(51,141)
Charged to the Consolidated Statement of Comprehensive Income	(7,950)
At end of year	<u>(59,091)</u>
	<u>(59,091)</u>
	<u>(59,091)</u>

	Group 2021 £	Group 2020 £
Accelerated capital allowances	(59,091)	(51,141)
	<u>(59,091)</u>	<u>(51,141)</u>
	<u>(59,091)</u>	<u>(51,141)</u>

PACIFIC SHELF 636 LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

25. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
400,002 (2020 - 400,002) Ordinary shares of £1.00 each	400,002	400,002

The share capital has full voting and capital distribution rights.

26. Reserves

Revaluation reserve

This represents the surplus arising on the revaluation of artwork and heritable property.

Profit & loss account

This reserve includes all current and prior period retained profits and losses, less dividends paid.

27. Pension commitments

The Group contributes to personal pension plans on behalf of its employees, and the pension charge represents amounts payable to personal pension plans in respect of the year. The pension cost charge represents contributions payable by the Group and amounted to £53,905 (2020 - £63,245).

There were no contributions payable to the plans at the reporting date (2020 - £Nil).

28. Commitments under operating leases

At 31 December 2021 the Group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2021 £	Group 2020 £
Not later than 1 year	-	6,529

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**NOTES TO THE FINANCIAL STATEMENTS
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29. Related party transactions

Advantage has been taken of the exemption granted by Financial Reporting Standard 102 paragraph 33.1a not to report details of the transactions with entities which are 100% controlled by a common parent undertaking.

At the year end £127,233 included in other debtors was owed by J Thomson, the Director, to the company (2020 - £47,558). The movement in the balance represents cash forwarded to and from the Company in the year. Balance is unsecured, interest free with no fixed terms of repayment.

During the period the Group made payments in respect of rent of £50,000 (2020 - £50,000) to a pension scheme, the beneficiary being J Thomson. The Group also paid rent of £25,006 (2020 - £25,006) to J Thomson for the use of property which he owns.

30. Post balance sheet events

On 24 February 2022 Russian Forces entered Ukraine, resulting in Western Nation reactions including announcements of sanctions against Russia and Russian interests worldwide and an economic ripple effect on the global economy. The Directors have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the business, including the impact of mitigation measures and uncertainties, and have concluded that this is a non-adjusting post balance sheet event with the greatest impact on the business expected to be from the economic ripple effect on the global economy. The Directors have taken account of these potential impacts in their going concern assessment.

31. Controlling party

In the Director's opinion, the Company's ultimate controlling party is J Thomson, due to his shareholding in the Company.