Company Registration No. SC177810 (Scotland)

SLC TURNBERRY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

SLC TURNBERRY LIMITED

COMPANY INFORMATION

Directors	D Trump Jnr E Trump
Secretary	R Graff-Riccio
Company number	SC177810
Registered office	Turnberry Hotel AYRSHIRE KA26 9LT
Auditor	Johnston Carmichael LLP 227 West George Street GLASGOW G2 2ND

SLC TURNBERRY LIMITED

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SLC TURNBERRY LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

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

Fair review of the business

Trump Turnberry achieved tremendous success in 2018 as the property recorded its highest annual revenue (turnover) in the resort's storied 113-year history. Now in its fifth full operating year under Trump Hotels ownership, Trump Turnberry has established itself as Scotland's premier destination for luxury travel, championship golf and special events.

As part of an ongoing multi-million-pound renovation, ownership continues to improve and modernize the property's facilities including newly upgraded villas, enhanced spa and wellness offerings and an outdoor guest activity centre which will be fully completed in 2020.

The recent addition of the main ballroom offers unparalleled facilities in the Scottish wedding, social banqueting, conference and incentive market. In November 2018 the evolution of the famed Ailsa golf course continued with an annualised rolling program to ensure that it remains the number one course in the UK and Ireland. In addition, King Robert the Bruce golf course provides a perfect accompaniment to the Ailsa course.

The Trump Organisation remains fully committed to the resort and additional planning for further redevelopment is ongoing.

We are proud of the work undertaken to date and look forward to welcoming our guests to Turnberry and to experience this unique resort for themselves.

Principal risks and uncertainties

The directors and management have undertaken a comprehensive review of the risks facing the resort. The resort operates in an industry which is both competitive and challenging, factors which can be heightened by adverse weather conditions.

The directors consider that the principal risk factor that could materially affect the company's future operating profit or financial position is customer demand for luxury travel. Such customer demand is largely influenced by macroeconomic conditions.

The directors and resort management have detailed knowledge and experience of the sector and are continuously working on strategies and product enhancement to mitigate these risks.

Development and performance

The profit and loss account and balance sheet are set out on pages 9 and 10. Now in the second full year of operations since the successful refurbishment and re-opening of the main hotel and golf courses, for 2018, the company is reporting an operating profit/(loss) before depreciation, foreign exchange and exceptional items of £17k (2017: operating loss of £752k). The property while still undergoing refurbishment and development will continue to drive financial performance improvement and build on the 2018 results.

Significant capital expenditure, including investment in energy-efficient assets, continued through 2018 albeit not to the extent of 2016/17, with major refurbishment having been completed in 2016. Fixed Asset Additions in 2018 amounted to £2,254k (2017: £4,433k).

Further assets were transferred from 'assets under construction' as the individual phases of the ongoing refurbishment are completed. This has resulted in a depreciation charge of £2,217k (2017: £2,289k).

	2018	2017	Variance
	£000	£000	£000
Turnover	18,484	15,237	3,247
Cost of Sales	(11,337)	(9,510)	(1,827)
Gross Profit	7,147	5,727	1,420
Administrative Expenses	(7,130)	(6,479)	(651)
Operating profit/(loss) before depreciation, foreign exchange and exceptional items	17	(752)	769

Key performance indicators

Management of the group provide the directors with management information at the end of each month. The KPIs assessed by the director are changes in revenue, costs and operating profit before depreciation, amortisation and foreign exchange.

2017 posted an increase in turnover of 70% over 2016, because the resort was closed for 6 months due to the refurbishment in 2016. 2018 saw an increase of 21% in turnover over 2017, delivering the highest turnover ever for the property. It is expected that revenue will continue to increase in subsequent years as the property continues to confirm its position as an industry-leading resort. Turnberry won Scottish Hotel of the Year at the Scottish Hotel Awards 2018 and more recently was voted best golf resort in Europe 2019 by Leading Courses and number one golf course in the UK and Ireland by Golf Monthly. In addition to these top accolades, the property also won Best Hotel in the over 200 rooms category at the 2019 Prestige Hotel awards and Events Hotel of the Year at the 2019 Scottish Hotel Awards.

The directors believe that the profitability of the resort will continue to grow over the short to medium term.

Non-financial KPI's include the number of repeat customers to the resort and guest satisfaction. We strive to ensure that Turnberry remains established as a world-leading destination golf resort and are confident that the work undertaken will encourage new visitors to experience the resort, as well as driving repeat custom from our previous guests. In the period since opening, we have received excellent reviews from our guests, with the resort recording an overall satisfaction level of 8.9 out of 10 in 2018.

On behalf of the board

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E Trump

Director

26 September 2019

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

Principal activities
The company's principal activity during the year continued to be that of the operation of the Turnberry Resort and associated leisure facilities.

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

D Trump Jnr
E Trump

Results and dividends
The results for the year are set out on page 9.

No ordinary dividends were paid.

Disabled persons
Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement
The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

Auditor
The auditor, Johnston Carmichael LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities
The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (Financial Reporting Standard 102). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Statement of disclosure to auditor
So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors 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.

Items included in the strategic report
Disclosure in respect of the future developments of the company has been included within the strategic report.

On behalf of the board

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E Trump
Director
Date: 26 September 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SLC TURNBERRY LIMITED

Opinion

We have audited the financial statements of SLC Turnberry Limited (the 'company') for the year ended 31 December 2018 which comprise the profit and loss account, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of 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'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.

Auditor's responsibilities for the audit of the financial statements (continued)
As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Johnston Carmichael LLP

Barry Masson (Senior Statutory Auditor)
for and on behalf of Johnston Carmichael LLP

30 September 2019

Chartered Accountants
Statutory Auditor

227 West George Street
GLASGOW
G2 2ND

SLC TURNBERRY LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £000	2017 £000
Turnover	3	18,484	15,237
Cost of sales		(11,337)	(9,510)
Gross profit		7,147	5,727
Administrative expenses		(7,130)	(6,479)
Operating profit/(loss) before depreciation, foreign exchange and exceptional items	5	17	(752)
Depreciation		(2,217)	(2,289)
Loss on foreign exchange		(34)	(21)
Exceptional item - write-off of intercompany loan	4	(490)	-
Operating loss		(2,724)	(3,062)
Taxation	8	-	96
Total comprehensive expenditure for the year		(2,724)	(2,966)

The profit and loss account has been prepared on the basis that all operations are continuing operations. The company has no recognised gains or losses other than its profit or loss for the period.

SLC TURNBERRY LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2018

		2018		2017	
	Notes	**£000**	**£000**	**£000**	**£000**
Fixed assets					
Tangible assets	9		55,160		55,123
Current assets					
Stocks	11	385		334	
Debtors	12	2,111		2,599	
Cash at bank and in hand		109		213	
		2,605		3,146	
Creditors: amounts falling due within one year	13	(4,468)		(3,327)	
Net current liabilities			(1,863)		(181)
Total assets less current liabilities			53,297		54,942
Creditors: amounts falling due after more than one year	14		(57,322)		(56,289)
Net liabilities			(4,025)		(1,347)
Capital and reserves					
Called up share capital	17		39,568		39,568
Capital redemption reserve	18		18,374		18,374
Other reserves	18		58,839		58,793
Profit and loss reserves	18		(120,806)		(118,082)
Total equity			(4,025)		(1,347)

The financial statements were approved by the board of directors and authorised for issue on 26 September 2019 and are signed on its behalf by:

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E Trump
Director

Company Registration No. SC177810

SLC TURNBERRY LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital	Capital redemption reserve	Other reserves	Profit and loss reserves	Total
	£000	£000	£000	£000	£000
Balance at 1 January 2017	39,568	18,374	58,588	(115,116)	1,414
Year ended 31 December 2017:					
Loss and total comprehensive expenditure for the year	-	-	-	(2,966)	(2,966)
Equity component of financing loans	-	-	205	-	205
Balance at 31 December 2017	39,568	18,374	58,793	(118,082)	(1,347)
Year ended 31 December 2018:					
Loss and total comprehensive expenditure for the year	-	-	-	(2,724)	(2,724)
Equity component of financing loans	-	-	46	-	46
Balance at 31 December 2018	39,568	18,374	58,839	(120,806)	(4,025)

1 Accounting policies

Company information

SLC Turnberry Limited is a private company limited by shares incorporated in Scotland. The registered office and trading address is Turnberry Hotel, AYRSHIRE, KA26 9LT.

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 pounds 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. The principal accounting policies adopted are set out below.

The company is a qualifying entity under FRS 102 Section 1.12 on the grounds that its parent company (Golf Recreation Scotland Limited) prepares publicly available consolidated financial statements in which the company's results are included. These financial statements are available from Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh EH3 9FF.

The company has therefore taken the following exemptions under the reduced disclosure framework of FRS 102:

- from the requirements to present a statement of cashflows.
- from the requirements of FRS 102 Section 11 paragraphs 11.39 to 11.48A relating to certain financial instrument disclosures as equivalent disclosures are included within the consolidated financial statements;
- from the requirements of FRS102 Section 33 paragraph 33.7 relating to the disclosure of key management personnel compensation.

1.2 Going concern

These financial statements are prepared on a going concern basis.

The company had net current liabilities at 31 December 2018 and is dependent on continuing finance being made available by its ultimate owner to enable it to continue operating and to meet its liabilities as they fall due.

The Trump Organisation have confirmed that it will ensure all necessary financial support is provided to the company for the foreseeable future to enable it to meet its financial obligations as they fall due for at least a period of 12 months from the date of signing the financial statements.

1.3 Turnover

Turnover is derived from the operation of the Turnberry hotel and golf resort and is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, net of discounts and VAT.

Room revenue is recognised at the point at which the rooms are occupied, whilst shop food and beverage sales are recognised at the point of sale. Revenue from the provision of services is recognised at the point that the service is provided.

Golf green fees and golf membership income are recognised in the period to which they relate.

1 Accounting policies **(Continued)**

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Land and buildings	15 - 40 years
Fixtures, fittings and equipment	2 - 10 years

Freehold land and assets in the course of construction are not depreciated.

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 the profit and loss account.

1.5 Impairment of fixed assets

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

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

1.6 Stocks

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

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Provision is made for obsolete, slow-moving or defective items where appropriate.

1.7 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1 Accounting policies **(Continued)**

1.8 Financial instruments

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

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other 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.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

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.

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.

1 Accounting policies **(Continued)**

Basic financial liabilities

Basic financial liabilities, including trade and other creditors and loans from fellow group companies, 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.

1.9 Equity instruments

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

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1 Accounting policies **(Continued)**

1.11 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.

1.12 Retirement benefits

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

1.13 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 asset's 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 the profit and loss account 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 income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.14 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 are included in the profit and loss account for the period.

1.15 Exceptional items

Exceptional items are identified by the directors as transactions through profit or loss out with the normal course of business and which are considered material to the financial statements, and as such require separate identification in order to provide necessary explanation to the results of the company.

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.

Assets held as construction in progress

Due to the resort-wide renovation, certain fixed asset additions have been categorised as 'construction in progress'. As work remains on-going at the balance sheet date, no depreciation charge has been recognised in the current year for such assets. An assessment is made on the completion status of these assets and, when considered complete, the asset is re-categorised based on its type and depreciated accordingly as set out in note 9.

Key sources of estimation uncertainty

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

Intercompany loans

Loans advanced from the parent are financing transactions attracting no interest and are repayable one year and one day after the end of the financial period. As such the directors are required to assess a market rate of interest for similar borrowing that may be available from lenders at arms length, in order to quantify the carrying amount upon initial recognition at fair value, and the corresponding equity component. Market rates of interest are estimated by the directors by comparison with interest rates offered by banks for lending of comparable risk profile.

Tangible assets

Fixed asset are measured at cost, less any impairment. The assets are assessed for any indicators of impairment, based on the economic viability and expected future financial performance of the assets. The net book value of fixed assets at 31 December 2018 is £55.2m (2017: 55.1m).

3 Turnover and other revenue

	2018	2017
	£000	£000
Turnover analysed by class of business		
Sale of goods	7,505	5,949
Provision of services	10,979	9,288
	18,484	15,237

Turnover is fully derived in the United Kingdom.

4 Exceptional costs

	2018 £000	2017 £000
Exceptional item – write-off of intercompany loan	490	-

5 Operating loss

Operating loss for the year is stated after charging:	2018 £000	2017 £000
Exchange losses	34	21
Depreciation of tangible fixed assets	2,208	2,289
Depreciation of tangible fixed assets held under finance leases	9	-
Cost of stocks recognised as an expense	2,254	1,852
Operating lease charges	366	386

6 Auditor's remuneration

Fees payable to the company's auditor and associates:	2018 £000	2017 £000
For audit services		
Audit of the financial statements of the company	19	19
For other services		
Taxation compliance services	4	4
Other taxation services	19	-
	23	4

7 Employees

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

	2018 Number	2017 Number
Operating	422	343
Administrative	55	52
	477	395

7 Employees (Continued)

Their aggregate remuneration comprised:

	2018 £000	2017 £000
Wages and salaries	8,146	7,036
Social security costs	563	514
Pension costs	171	142
	8,880	7,692

8 Taxation

	2018 £000	2017 £000
Current tax		
Adjustments in respect of prior periods	-	(96)

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

	2018 £000	2017 £000
Loss before taxation	(2,724)	(3,062)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	(518)	(589)
Tax effect of expenses that are not deductible in determining taxable profit	94	5
Adjustments in respect of prior years	-	(96)
Group relief	-	3
Movement on deferred tax not recognised	179	327
Depreciation and amortisation permanent differences	245	254
Taxation charge/(credit) for the year	-	(96)

The company has a deferred tax asset of £11.5m (2017: £11.4m) that has not been recognised as there is no certainty of taxable profits in the future.

9 Tangible fixed assets

	Land and buildings	Assets under construction	Fixtures, fittings and equipment	Total
	£000	£000	£000	£000
Cost				
At 1 January 2018	121,399	207	20,440	142,046
Additions	260	1,396	598	2,254
Transfers from assets under construction	271	(819)	548	-
At 31 December 2018	121,930	784	21,586	144,300
Depreciation and impairment				
At 1 January 2018	73,024	-	13,899	86,923
Depreciation charged in the year	1,287	-	930	2,217
At 31 December 2018	74,311	-	14,829	89,140
Carrying amount				
At 31 December 2018	47,619	784	6,757	55,160
At 31 December 2017	48,375	207	6,541	55,123

The carrying value of land comprises:

	2018	2017
	£000	£000
Freehold	4,836	4,836

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

	2018	2017
	£000	£000
Fixtures, fittings and equipment	150	-
Depreciation charge for the year in respect of leased assets	9	-

10 Fixed asset investments

	Shares in subsidiary undertaking £000
Cost	
At 1 January 2018 and 31 December 2018	3,331
Impairment	
At 1 January 2018 and 31 December 2018	(3,331)
Net book value	
At 31 December 2017 and 31 December 2018	-

Holdings of more than 20%
The company holds more than 20% of the share capital of the following companies:

Company	Registered office	Shares held Class	%
Subsidiary undertakings			
Nitto World Co., Limited	107-111 Fleet Street, London, UK, EC4A 2AB.	Ordinary	100

11 Stocks

	2018 £000	2017 £000
Consumables	385	334

12 Debtors

Amounts falling due within one year:	2018 £000	2017 £000
Trade debtors	1,518	822
Corporation tax recoverable	-	96
Amounts owed by group undertakings	-	1,245
Other debtors	182	95
Prepayments and accrued income	411	341
	2,111	2,599

13 Creditors: amounts falling due within one year

	Notes	2018 £000	2017 £000
Obligations under finance leases	15	40	-
Trade creditors		695	652
Other taxation and social security		411	439
Accruals and deferred income		3,322	2,236
		4,468	3,327

Amounts due under finance lease leases are secured on the assets to which they relate.

14 Creditors: amounts falling due after more than one year

	Notes	2018 £000	2017 £000
Obligations under finance leases	15	93	-
Amounts due to parent		57,229	56,289
		57,322	56,289

Amounts due under finance lease leases are secured on the assets to which they relate.

Intercompany loans are repayable one year and one day after the financial year end, on a rolling basis in accordance with agreements in place between the two parties.

15 Finance lease obligations

Future minimum lease payments due under finance leases:	2018 £000	2017 £000
Within one year	40	-
In two to five years	93	-
	133	-

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

Amounts due under finance lease leases are secured on the assets to which they relate.

16 Retirement benefit schemes

Defined contribution schemes	**2018 £000**	**2017 £000**
Charge to profit or loss in respect of defined contribution schemes	171	142

17 Share capital

	2018 £000	**2017 £000**
Ordinary share capital		
Issued and fully paid		
39,567,729 Ordinary shares of £1 each	39,568	39,568

18 Reserves

Capital redemption reserve
The capital redemption reserve represents amounts retained as fixed capital following redemptions of share capital under companies legislation.

Other reserves
Other reserves represent amounts taken to equity as a result of the release of inter-company creditors, and the equity component of financing loans received from the parent company.

Profit and loss reserves
Profit and loss reserves represent accumulated comprehensive income for the year and prior periods less dividends paid.

19 Operating lease commitments

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

	2018 £000	**2017 £000**
Within one year	128	358
Between two and five years	237	136
In over five years	1,724	1,756
	2,089	2,250

20 Related party transactions

None of the directors are remunerated through the company.

The company has taken advantage of the exemption within FRS 102 Section 33 paragraph 33.1A from the requirement to disclose transactions with other wholly owned companies in the same group.

21 Controlling party

The parent company is Golf Recreation Scotland Limited, a company registered in Scotland, which has its registered office at Bishop's Court, 29 Albyn Place, Aberdeen, AB10 1YL. The ultimate parent undertaking is The Donald J. Trump Revocable Trust, a New York state grantor trust registered in New York, USA.

The ultimate controlling parties are the Trustees of The Donald J. Trump Revocable Trust.

Golf Recreation Scotland Limited is the smallest and largest group of companies into which the company is consolidated. Group accounts are available from Companies House, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF.