

Sundial (Drumsheugh) Limited
Filleted Unaudited Financial Statements
For the year ended
31 December 2018



Sundial (Drumsheugh) Limited

Statement of Financial Position

31 December 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	5	758,439	889,398
Current assets			
Debtors	6	64,290	2,520
Cash at bank and in hand		5,040	5,250
		<u>69,330</u>	<u>7,770</u>
Creditors: amounts falling due within one year	7	<u>1,785,758</u>	<u>1,704,448</u>
Net current liabilities		<u>1,716,428</u>	<u>1,696,678</u>
Total assets less current liabilities		<u>(957,989)</u>	<u>(807,280)</u>
Net liabilities		<u>(957,989)</u>	<u>(807,280)</u>
Capital and reserves			
Called up share capital		1	1
Profit and loss account		<u>(957,990)</u>	<u>(807,281)</u>
Shareholder deficit		<u>(957,989)</u>	<u>(807,280)</u>

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In accordance with section 444 of the Companies Act 2006, the statement of income and retained earnings has not been delivered.

For the year ending 31 December 2018 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The member has not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476;
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

These financial statements were approved by the board of directors and authorised for issue on 30 Sep 2019, and are signed on behalf of the board by:



W J Gray Muir
Director

Company registration number: SC222309

The notes on pages 2 to 5 form part of these financial statements.

Sundial (Drumsheugh) Limited

Notes to the Financial Statements

Year ended 31 December 2018

1. General information

The company is a private company limited by shares that is incorporated and domiciled in Scotland, with registered company number SC222309. The address of the registered office is 46 Charlotte Square, Edinburgh, EH2 4HQ.

2. Statement of compliance

These financial statements have been prepared in compliance with Section 1A of FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling (£), which is the functional currency of the entity.

Going concern

The financial statements have been prepared on a going concern basis. The directors have assessed the company's ability to continue as a going concern and have reasonable expectation, as detailed in note 12, that the company has adequate resources to continue in operational existence for the foreseeable future. The directors have reviewed budgets and forecasts for the forthcoming year and are satisfied that the company maintains an appropriate level of liquidity, sufficient to meet the demands of the business. Thus they continue to adopt the going concern basis of accounting in preparing these financial statements.

Judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

i) Valuation of investment properties

The valuation of investment properties held is sensitive both to market movements and risks associated with individual properties. The directors use their professional knowledge and experience of the property market to reassess the valuations on an annual basis. Where necessary the valuations are amended to reflect the current estimates of their values.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable and represents rental income, in accordance with the terms of the lease agreement, stated net of discounts and of Value Added Tax.

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Sundial (Drumsheugh) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

3. Accounting policies *(continued)*

Taxation *(continued)*

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other 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. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Investment property	-	Fair value at each reporting date
Fixtures and fittings	-	20% Straight line

No depreciation is charged against the heritable property due to the high residual value of the property.

Investment properties

Investment property is initially recorded at cost, which includes purchase price and any directly attributable expenditure.

Investment property is revalued to its fair value at each reporting date and any changes in fair value are recognised in profit and loss.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

Sundial (Drumsheugh) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

3. Accounting policies *(continued)*

Financial instruments

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately. A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial assets, which include other debtors are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Basic financial liabilities, which include amounts owed to group undertakings and other creditors are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

At each reporting date the company assesses whether there is objective evidence that any financial asset has been impaired. A provision for impairment is established when there is objective evidence that the company will not be able to collect all amounts due. The amount of the provision is recognised immediately in profit or loss.

4. Average number of employees

The average numbers of employees for the year, including directors, was 2 (2017: 2).

5. Tangible assets

	Investment property £	Fixtures and fittings £	Heritable property £	Total £
Cost or valuation				
At 1 January 2018	1,096,754	406	151,298	1,248,458
Additions	144,071	46,347	–	190,418
Disposals	–	–	(151,298)	(151,298)
At 31 December 2018	1,240,825	46,753	–	1,287,578
Depreciation or impairment				
At 1 January 2018	358,979	81	–	359,060
Charge for the year	–	9,351	–	9,351
Impairment losses	160,728	–	–	160,728
At 31 December 2018	519,707	9,432	–	529,139
Carrying amount				
At 31 December 2018	721,118	37,321	–	758,439
At 31 December 2017	737,775	325	151,298	889,398

The original cost of the investment properties noted above at valuation is £1,240,825 (2017: £1,096,754).

The directors have considered the value of the investment property based upon their knowledge of the properties and the current property market and believe that an impairment of £160,728 (2017: £358,979) is required to investment property to reflect the market value as at 31 December 2018.

Sundial (Drumsheugh) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

6. Debtors

	2018 £	2017 £
Other debtors	<u>64,290</u>	<u>2,520</u>

7. Creditors: amounts falling due within one year

	2018 £	2017 £
Amounts owed to group undertakings and undertakings in which the company has a participating interest	972,869	1,146,000
Social security and other taxes	22	–
Other creditors	<u>812,867</u>	<u>558,448</u>
	<u>1,785,758</u>	<u>1,704,448</u>

Included within other creditors is a loan of £750,000 that has been secured by way of a standard security over certain of the company's investment properties.

8. Related party transactions

During the year Andrew Gray Muir WS, a business owned by one of the directors, charged the company £3,819 inclusive of VAT (2017: £13) at normal market rates for legal services and expenses. At the year end £194 inclusive of VAT (2017: £nil) was outstanding.

The company has taken advantage of exemption under FRS 102 Section 1A from the requirement to disclose information with entities that are wholly owned in the group.

9. Controlling party

The company's ultimate parent undertaking is Sundial Holdings Limited, a company incorporated in Scotland. Group financial statements can be obtained from 46 Charlotte Square, Edinburgh, EH2 4HQ.

10. Going concern

The directors consider the company to be a going concern and therefore the financial statements have been prepared on a going concern basis. The future operations of the company are dependent on the continued financial support of its parent undertaking.

The parent company has confirmed that it is their intention to provide support to the company for a period of not less than twelve months from the date of finalisation of these financial statements.

The directors, in preparing these financial statements, are mindful of general economic conditions. The directors are confident that the company can meet its obligations as they fall due. The key assumption is the continued financial support of the company's parent undertaking.