Financial Statements Hotel Property Fund (Syndicate 2) Limited

For the period from 27 January 2014 to 25 January 2015

Registered number: SC292735

Company Information

Directors	J A Brown C E Dickson A Higgins W Paisley B Hutchison S F Valentine
Registered number	SC292735
Registered office	Exchange Tower 19 Canning Street EDINBURGH EH3 8EH
Independent statutory auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 7 Exchange Crescent EDINBURGH EH3 8AN
Bankers	Bank of Scotland 3-5 Albyn Place ABERDEEN AB10 1PY

Contents

Directors' report

For the period ended 25 January 2015

The directors present their annual report and the financial statements for the period ended 25 January 2015.

Future developments for the business

The directors continue to review the competition and seek opportunities for growth. They believe that through continual strategic investment both in the properties and staff through training and development that a competitive edge will be maintained enabling future growth of the company.

It is the directors' belief that future sales and trading profit levels are likely to remain ahead of expectations.

Results

The profit for the period, after taxation, amounted to £324k (2014 - £223k). The directors have not recommended the payment of a dividend in the current or prior period.

Financial risk management objectives and policies

The company is funded by financial instruments including loans, cash and operational items, such as trade debtors and trade creditors which have inherent financial risk. The Board prudently manages these financial risks in the manner shown below. All transactions in derivatives are undertaken to manage the risks arising from underlying business activities and no transactions of a speculative nature are undertaken.

Financial Risk
Financial risk encompasses currency risk, price risk, liquidity risk, insurance risk and interest rate risk. The company's policies for managing the fair value interest rate risk are considered along with those for managing cash flow interest rate risk and are set out in the subsection entitled "interest rate risk" below.

Interest rate risk
The interest rate risk is mitigated by having in place a ladder swap arrangement of £5.8m which is shown as fixed as current rates are below the lower rung of the swap. The interest rate exposure of the financial assets and liabilities of the company at 25 January 2015 is shown in the table below. The table includes trade debtors, trade creditors and intercompany balances as these do not attract interest and are therefore subject to fair value interest rate risk.

Interest rate risk	**Fixed £000**	**Floating £000**	**Zero £000**	**Total £000**
Financial assets				
Cash	-	926	-	926
Amounts owed by group undertakings	-	-	366	366
Trade debtors	-	-	17	17
	-	926	383	1,309
Financial liabilities				
Bank loans	5,824	3,863	-	9,687
Amounts owed to group undertakings	-	-	77	77
Trade creditors	-	-	82	82
	5,824	3,863	159	9,846

Liquidity risk
The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Short term flexibility is achieved by a group offset arrangement.

Directors' report

For the period ended 25 January 2015

Currency risk

The company is not exposed to currency risk as all transactions and balances are denominated in sterling.

Price risk

The company is not exposed to price risk as it does not hold any financial instruments subject to pricing by third parties.

Credit risk

The company's principal financial assets are cash, trade debtors and balances with group undertakings. The credit risk associated with the cash is limited as the counterparties have high credit ratings assigned by international credit rating agencies. The credit risk associated with the balances with group undertakings is limited as the counterparties are under common control. The principal credit risk arises therefore from its trade debtors. In order to manage credit risk the directors set limits for customers based on references from an independent credit reference agency. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history.

The company has entered into a cross company guarantee with its fellow subsidiaries, Speedbird Developments Limited, Huntingtower Hotel (Perth) Limited and Hotel Property Fund (Syndicate 1) Limited. If there is a default on these borrowings the company may be required to make good. At 25 January 2015 the total indebtedness with the bank was £17.1 million. The directors believe the financial condition of the fellow subsidiaries is such that this guarantee will not be called upon.

Insurance risk

The directors put in place appropriate insurance policies in the following areas: property, employer and public liability, consequential loss and director and officer cover. Annual reviews are undertaken to ensure that cover is maintained and in appropriate areas and at levels sufficient to protect the business.

Directors

The directors who served during the period were:

J A Brown
C E Dickson
A Higgins
W Paisley
B Hutchison
S F Valentine

Fixed assets

The property was independently valued during August 2010 by Colliers International at a value in excess of the carrying value in the financial statements. The directors are of the opinion that the open market value of the hotel property continues to be in excess of the carrying value in the financial statements at the Balance sheet date.

Directors' report

For the period ended 25 January 2015

Directors' responsibilities statement

The directors are responsible for preparing 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 (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Provision of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.

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

Alan Higgins
Director

Date: 28 April 2015

Strategic report

For the period ended 25 January 2015

Introduction

The principal activity of the company during the period was that of the operation of a hotel.

Business review

Financial overview

Turnover for the period to 25 January 2015 amounted to £3.4m (2014: £3.0m), an improvement of £358k on the prior period. The profit before tax improved by £119k to £0.4m (2014: £0.3m).

Financial performance

Financial performance during the period has been analysed as follows:

Financial performance	**Period from 27 January 2014 to 25 January 2015**	Period from 28 January 2013 to 26 January 2014	Change
	£000	£000	(%)
Turnover	**3,362**	3,004	11.9
Gross Profit	**3,037**	2,695	12.7
Profit before tax	**418**	299	39.8

Strategy

The company strategy during the period continues to be that of striving to position the hotel and its associated facilities as one of choice for the business and leisure guest. This strategy is underpinned by the continuing maintenance of the property together with significant resources devoted to staff training and development.

Turnover

Sales improved by 11.9% on the prior period.

Gross profit

A gross margin of 90.3% was achieved in the period against the prior period of 89.7%.

The forward view remains relatively positive with continued effort being focused on the supply chain to ensure maximum efficiencies. Inflationary pressures on global commodity purchases may have a limited adverse impact.

Operating costs

Operating costs have increased £233k to £2.47 million, with the overall spend increasing in line with sales at 74% of turnover compared to 75% in the prior period.

Capital expenditure

The directors continue to embark upon a sustained programme of asset management and improvement by ensuring adequate sums are available to refurbish and maintain the hotel property to a high level to ensure guest satisfaction and efficiency of operation.

Capital expenditure during the period amounted to £189k.

The level of investment is key to maintaining the property in good order to retain existing and attract new customers.

Strategic report (continued)
For the period ended 25 January 2015

Principal risks and uncertainties

Principal risks and uncertainties
The management of the business and nature of the company's activities are subject to a number of risks.

The directors are of the opinion that a thorough risk management process is adopted which involves the formal review of all of the risks identified below. Where possible, processes are in place to monitor and mitigate such risks. The directors have set out below the principal risks facing the business.

Economic downturn
The success of the business is in part dependent upon business and consumer spending. A marked reduction in such spending will impact on company income, however minor fluctuations will have little effect.

In response to this risk, senior management review economic conditions, specifically within the local market and more generally within the wider economy. Should severe downturns be predicted or occur, marketing and pricing strategies would be modified to reflect the new market conditions.

Finally and importantly, operational efficiency of the business is also continually monitored and challenged to ensure that best value is extracted from all areas.

Competition
Local competition exists. As a result pressure may be applied to pricing and/or the level of service provided to customers. Diligent and continuous market research of prices, offerings and forthcoming events is in place to ensure this risk is minimised.

Product
Due to the market in which the company operates the quality of the offering to the guest is of prime importance. Accordingly should any of the guest areas fall into a state of disrepair there is a risk of losing business.

To mitigate this risk the directors and senior management operate an asset management programme to ensure the property is maintained to a high level ensuring guest satisfaction and operational efficiency.

Financial key performance indicators

	Actual	Prior Period
Gross profit margin (%)	**90.3**	89.7
Capital expenditure (£'000)	**189**	79

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

A Higgins
Director

Date: 28 April 2015

Grant Thornton

Independent auditor's report to the members of Hotel Property Fund (Syndicate 2) Limited

We have audited the financial statements of Hotel Property Fund (Syndicate 2) Limited for the period ended 25 January 2015, which comprise the Profit and loss account, the Balance sheet, the Cash flow statement and Reconciliation of net cash flow to movement in net debt and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 25 January 2015 and of its profit for the period 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.

Independent auditor's report to the members of Hotel Property Fund (Syndicate 2) Limited

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Grant Thornton UK LLP

DIANA PENNY (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
EDINBURGH

Date: 29 April 2015

Profit and loss account
For the period ended 25 January 2015

	Note	25 January 2015 £000	26 January 2014 £000
Turnover	2	**3,362**	3,004
Cost of sales		**(325)**	(309)
Gross profit		**3,037**	2,695
Operating costs		**(2,472)**	(2,239)
Operating profit	3	**565**	456
Interest payable and similar charges	5	**(147)**	(157)
Profit on ordinary activities before taxation		**418**	299
Tax on profit on ordinary activities	6	**(94)**	(76)
Profit for the financial period	15	**324**	223

All amounts relate to continuing operations.

There were no recognised gains and losses for 2015 or 2014 other than those included in the Profit and loss account.

The notes on pages 11 to 22 form part of these financial statements.

Balance sheet
As at 25 January 2015

	Note	£000	25 January 2015 £000	£000	26 January 2014 £000
Fixed assets					
Tangible assets	7		**7,992**		8,167
Current assets					
Stocks	8	**24**		18	
Debtors	9	**450**		455	
Cash at bank and in hand		**926**		561	
		1,400		1,034	
Creditors: amounts falling due within one year	10	**(731)**		(761)	
Net current assets			**669**		273
Total assets less current liabilities			**8,661**		8,440
Creditors: amounts falling due after more than one year	11		**(9,602)**		(9,688)
Provisions for liabilities and charges					
Deferred tax	13		**-**		(17)
Net liabilities			**(941)**		(1,265)
Capital and reserves					
Called up share capital	14		**109**		109
Profit and loss account	15		**(1,050)**		(1,374)
Shareholders' deficit	16		**(941)**		(1,265)

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

John A Brown
Director

Date: 28 April 2015

The notes on pages 11 to 22 form part of these financial statements.

Cash flow statement

For the period ended 25 January 2015

	Note	**25 January 2015 £000**	26 January 2014 £000
Net cash flow from operating activities	17	**948**	882
Returns on investments and servicing of finance	18	**(147)**	(157)
Taxation		**(163)**	(76)
Capital expenditure and financial investment	18	**(189)**	(77)
Cash inflow before financing		**449**	572
Financing	18	**(84)**	(83)
Increase in cash in the period		**365**	489

Reconciliation of net cash flow to movement in net debt

For the period ended 25 January 2015

		25 January 2015 £000	26 January 2014 £000
Increase in cash in the period		**365**	489
Cash outflow from decrease in debt and lease financing		**84**	83
Movement in net debt in the period		**449**	572
Net debt at 27 January 2014		**(9,210)**	(9,782)
Net debt at 25 January 2015	19	**(8,761)**	(9,210)

The notes on pages 11 to 22 form part of these financial statements.

Notes to the financial statements
For the period ended 25 January 2015

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and the Companies Act 2006. The accounting policies have been consistently applied throughout.

Although the balance sheet records that the company had net liabilities at 25 January 2015, it had net current assets of £669k. The company continues to trade strongly having established itself in the Glasgow market. Additionally, the directors are of the opinion that the value of the land and hotel property is in excess of its carrying value in the financial statements.

The directors have prepared plans and forecasts which indicate that the company will trade at similar levels of profitability in future years, generating sufficient cash resources to continue to remain well within its agreed facilities meeting its normal trading liabilities and loan repayments as they fall due.

Accordingly, the directors believe that it is appropriate to prepare the financial statements on a going concern basis.

1.2 Turnover

Turnover arises from the provision of accommodation, food and beverage sales, corporate events, leisure club memberships, room hire and associated services. Revenue is recognised when the respective service has been fully provided.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	Freehold land and core buildings are not depreciated, non-core buildings element 2% per annum
Fixtures & fittings	-	6.5% - 20% straight line

Expenditure on repairs and renewals is charged to the profit and loss account at the time of expenditure. Major refurbishment projects forming part of the planned programme of maintaining the properties in a good state of repair are capitalised at costs under the appropriate asset category and depreciated in accordance with the accounting policy. Any net book value attributable to the asset concerned is written off to the profit and loss account when refurbishment takes place.

Finance costs that are directly attributable to the refurbishment or extension of an asset whilst the asset was in development and not revenue generating are capitalised as part of the cost.

Notes to the financial statements

For the period ended 25 January 2015

1. Accounting policies (continued)

1.4 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods.

The finance element of the rental payment is charged to the Profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

1.5 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

1.6 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

Current tax is provided at amounts expected to be paid (or recovered) using the tax enacted or substantially enacted at the balance sheet date.

1.7 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the period.

Notes to the financial statements

For the period ended 25 January 2015

1. Accounting policies (continued)

1.8 Financial Instruments

The only equity instruments the company has are ordinary shares which do not have any terms which require them to be classified as financial instruments. Dividends and distributions relating to equity instruments are debited direct to equity.

Financial liabilities are classified according to the contractual arrangements entered into. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

1.9 Derivatives

The company uses derivative financial instruments to manage interest rate risk associated with the financing of the underlying business activities. The company uses a ladder swap arrangement, the terms of which are explained in note 20. The company has not adopted the Companies Act fair value accounting rules and so applies FRS4: "Capital Instruments" and the presentation requirements of FRS25: "Financial instruments Presentation". This means that the terms of the derivatives are disclosed but not brought onto the balance sheet.

2. Turnover

An analysis of turnover by class of business is as follows:

	25 January 2015 £000	26 January 2014 £000
United Kingdom	**3,362**	3,004

All turnover relates to one class of business.

3. Operating profit

The operating profit is stated after charging:	25 January 2015 £000	26 January 2014 £000
Depreciation of tangible fixed assets - owned by the company	**319**	303
Auditor's remuneration - audit services	**6**	6
Loss on disposal of tangible fixed assets	**45**	43

During the period, no director received any emoluments (2014: £NIL).

Notes to the financial statements

For the period ended 25 January 2015

4. Staff costs

Staff costs were as follows:

	25 January 2015 £000	26 January 2014 £000
Wages and salaries	**943**	906
Social security costs	**57**	57
Other pension costs	**4**	2
	1,004	965

The average monthly number of employees, including the directors, during the period was as follows:

	25 January 2015 No.	26 January 2014 No.
Hotel Staff and Management	**63**	67

5. Interest payable

	25 January 2015 £000	26 January 2014 £000
On bank loans and overdrafts	**147**	157

6. Taxation

	25 January 2015 £000	26 January 2014 £000
Analysis of tax charge in the period		
Current tax (see note below)		
UK corporation tax charge on profit for the period	**128**	113
Deferred tax (see note 13)		
Origination and reversal of timing differences	**(34)**	(37)
Tax on profit on ordinary activities	**94**	76

Notes to the financial statements
For the period ended 25 January 2015

6. Taxation (continued)

Factors affecting tax charge for the period

The tax assessed for the period is higher than (2014 - higher than) the standard rate of corporation tax in the UK of 21.35% (2014 - 23.17%). The differences are explained below:

	25 January 2015 £000	26 January 2014 £000
Profit on ordinary activities before tax	**418**	299
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.35% (2014 - 23.17%)	**89**	69
Effects of:		
Capital allowances for period in excess of depreciation	**36**	33
Non qualifying depreciation	**3**	11
Current tax charge for the period (see note above)	**128**	113

Factors that may affect future tax charges

The UK Corporation tax rate of 21% took effect from 1 April 2014. Further changes to the UK Corporation tax rates were substantively enacted as part of the Finance Bill 2013 on 2 July 2013. These include changes to reduce the main rate of corporation tax to 20% from 1 April 2015. As these changes have been substantively enacted at the balance sheet date their effects have been included in these financial statements.

Notes to the financial statements
For the period ended 25 January 2015

7. Tangible fixed assets

	Freehold property £000	Fixtures & fittings £000	Total £000
Cost			
At 27 January 2014	6,112	3,853	9,965
Additions	-	189	189
Disposals	-	(111)	(111)
At 25 January 2015	6,112	3,931	10,043
Depreciation			
At 27 January 2014	91	1,707	1,798
Charge for the period	13	306	319
On disposals	-	(66)	(66)
At 25 January 2015	104	1,947	2,051
Net book value			
At 25 January 2015	6,008	1,984	7,992
At 26 January 2014	6,021	2,146	8,167

Included within the cost of £10,043k is interest incurred during the refurbishment of a property amounting to £106k (2014: £106k)

8. Stocks

	25 January 2015 £000	26 January 2014 £000
Goods for resale	24	18

9. Debtors

	25 January 2015 £000	26 January 2014 £000
Trade debtors	17	20
Amounts owed by group undertakings	366	384
Prepayments and accrued income	50	51
Deferred tax asset (see note 13)	17	-
	450	455

Notes to the financial statements

For the period ended 25 January 2015

10. Creditors: Amounts falling due within one year

	25 January 2015 £000	26 January 2014 £000
Bank loans and overdrafts	**85**	83
Trade creditors	**82**	105
Amounts owed to group undertakings	**77**	11
Corporation tax	**78**	113
Social security and other taxes	**100**	85
Other creditors	**200**	211
Accruals and deferred income	**109**	153
	731	761

The company has granted a standard security in favour of the Bank of Scotland over its freehold property and a bond and floating charge over the whole assets of the company.

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

	25 January 2015 £000	26 January 2014 £000
Bank loans	**9,602**	9,688

The company has granted a bond and floating charge over the company's assets in favour of the Bank of Scotland. The company has also granted a standard security over its freehold property to secure the borrowings of Huntingtower Hotel (Perth) Limited, Hotel Property Fund (Syndicate 1) Limited and Speedbird Developments Limited, all fellow subsidiaries.

The principal terms of the bank loans can be summarised as follows:

The company's facilities provided by Bank of Scotland amounting to £9.69m, which mature during December 2021, bear interest at an overall rate of base rate plus 1%. In addition a ladder swap arrangement was put in place to protect against interest rate movements on a current balance of £5.8m of term debt. This arrangement comes to an end in 2016 and will be replaced by an interest rate swap with a fixed rate of 2.54%. The interest rate on this instrument before the bank's margin is currently 4.90%. Capital repayments during the period amounted to £84k (2014: £83k).

Notes to the financial statements
For the period ended 25 January 2015

12. Creditors - capital instruments

Creditors include finance capital which is due for repayment as follows:	25 January 2015 £000	26 January 2014 £000
Amounts repayable:		
In one year or less or on demand	**85**	83
In more than one year but not more than two years	**85**	84
In more than two years but not more than five years	**261**	257
In more than five years	**9,256**	9,347
	9,687	9,771

	25 January 2015 £000	26 January 2014 £000
Wholly repayable within five years:		
Repayable by instalments	**431**	424
	431	424
Not wholly repayable within five years:		
Repayable by instalments	**186**	277
Repayable other than by instalments	**9,070**	9,070
	9,256	9,347
	9,687	9,771

13. Deferred taxation

	25 January 2015 £000	26 January 2014 £000
At beginning of period	**(17)**	(54)
Released during the period (note 6)	**34**	37
At end of period (see note 9)	**17**	(17)

Notes to the financial statements

For the period ended 25 January 2015

13. Deferred taxation (continued)

The deferred taxation balance is made up as follows:

	25 January 2015 £000	26 January 2014 £000
Excess of taxation allowances over depreciation on fixed assets	**(17)**	17

14. Share capital

	25 January 2015 £000	26 January 2014 £000
Authorised, allotted, called up and fully paid		
109,100 Ordinary Shares of £1 each	**109**	109

15. Reserves

	Profit and loss account £000
At 27 January 2014	**(1,374)**
Profit for the financial period	**324**
At 25 January 2015	**(1,050)**

16. Reconciliation of movement in shareholders' deficit

	25 January 2015 £000	26 January 2014 £000
Opening shareholders' deficit	**(1,265)**	(1,488)
Profit for the period	**324**	223
Closing shareholders' deficit	**(941)**	(1,265)

Notes to the financial statements

For the period ended 25 January 2015

17. Net cash flow from operating activities

	25 January 2015 £000	26 January 2014 £000
Operating profit	**565**	456
Depreciation of tangible fixed assets	**319**	303
Loss on disposal of tangible fixed assets	**45**	43
(Increase)/decrease in stocks	**(6)**	4
Decrease in debtors	**4**	42
Decrease in amounts owed by group undertakings	**18**	36
(Decrease)/increase in creditors	**(63)**	9
Increase/(decrease) in amounts owed to group undertakings	**66**	(11)
Net cash inflow from operating activities	**948**	882

18. Analysis of cash flows for headings netted in cash flow statement

	25 January 2015 £000	26 January 2014 £000
Returns on investments and servicing of finance		
Interest paid	**(147)**	(157)

	25 January 2015 £000	26 January 2014 £000
Capital expenditure and financial investment		
Purchase of tangible fixed assets	**(189)**	(79)
Sale of tangible fixed assets	**-**	2
Net cash outflow from capital expenditure	**(189)**	(77)

	25 January 2015 £000	26 January 2014 £000
Financing		
Repayment of loans	**(84)**	(83)

Notes to the financial statements
For the period ended 25 January 2015

19. Analysis of changes in net debt

	27 January 2014 £000	Cash flow £000	Other non-cash changes £000	25 January 2015 £000
Cash at bank and in hand	561	365	-	926
Debt:				
Debts due within one year	(83)	84	(86)	(85)
Debts falling due after more than one year	(9,688)	-	86	(9,602)
Net debt	(9,210)	449	-	(8,761)

20. Derivatives

At the year end the company had a ladder swap arrangement on one of its loans which has been fair valued at £(317)k at 25 January 2015 (2014: £(529)k). The balance sheet value of this instrument is £nil (2014: £nil). The current agreement expires in May 2016 and the company has entered into an interest swap agreement, which will commence in June 2016.

21. Contingent liabilities

The company and its fellow subsidiaries Huntingtower Hotel (Perth) Limited, Hotel Property Fund (Syndicate 1) Limited, and Speedbird Developments Limited have entered into all sums cross guarantees in the period ended 28 January 2007, in respect of indebtedness of these companies to Bank of Scotland. The total indebtedness at 25 January 2015 with Bank of Scotland was £17.1m (2014: £18.3m), including the company's own bank overdraft of £nil (2014: £nil) and bank loans of £9.7m (2014: £9.8m).

22. Capital commitments

The directors have confirmed that there were capital commitments at 25 January 2015 totalling £nil in respect of fixtures and fittings (2014: £120k).

23. Related party transactions

The company was owed £366k by other group companies at 25 January 2015 (2014: £384k). The company owed £77k to other group companies at 25 January 2015 (2014: £11k). During the period, the company paid £311k (2014: £197k) to a fellow subsidiary in respect of management services provided to it during the period.

Notes to the financial statements

For the period ended 25 January 2015

24. Ultimate parent undertaking and controlling party

The ultimate holding company is Etchecan Limited, a company incorporated in Scotland.

The company is controlled by J A Brown and C J Paton as a result of their controlling interest in Etchecan Limited.