

LOCH LOMOND GOLF CLUB LIMITED

Annual Report and Financial Statements

for the year ended 31 December 2021



LOCH LOMOND GOLF CLUB LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

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LOCH LOMOND GOLF CLUB LIMITED

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

Sir A N R Rudd, Chairman
J D Burgess
S J Cassar
M A D Dundas
P G Ellingson
A T Higginson
N H Lock
R W H MacGeachy
B J O'Brien
S Rowlands
S Scott
K J de Clercq Zubli

SECRETARY

S Brownlie

REGISTERED OFFICE

Rossdhu House
Luss by Alexandria
Dunbartonshire
G83 8NT

BANKERS

Lloyds Banking Group
Princess House
1 Suffolk Lane
London
EC4R 0AX

SOLICITORS

Dickson Minto W.S.
16 Charlotte Square
Edinburgh
EH2 4DF

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
141 Bothwell Street
Glasgow
G2 7EQ

LOCH LOMOND GOLF CLUB LIMITED

STRATEGIC REPORT

The Directors present their strategic report on Loch Lomond Golf Club Limited ("the Company" or "the Club") for the year ended 31 December 2021.

Business Review

During 2021 the Company's operations were again impacted by the COVID-19 pandemic, with the Club being obliged to close for significant periods of the year due to the Government restrictions in place. When the Club was open, capacity was limited due to the working practices required to adhere to guidelines, and our Members' ability to travel to the Club was also a critical restriction. The major programme to sand-cap the course has now been completed and will enable the Club to return to prior levels of operating and financial performance in due course.

Results

The audited financial statements for the year ended 31 December 2021 are set out on pages 10 to 27. The loss for the financial year after tax was £486,069 (2020: loss £1,614,728).

The loss for the financial year has been transferred to reserves and includes non-cash charges of £2,779,407 (2020: £2,712,193) for depreciation and goodwill. The profit for the financial year before interest, taxation, depreciation, and amortisation was £2,264,684 (2020: £702,497).

Going Concern

As at 31 December 2021, the Company was in a net liability position. The Directors have assessed the expected impact of COVID-19 on the company's operations over the coming 12 months, and whilst there may still be some negative impact on the financial results in 2022 this is unlikely to be significant enough to compromise the Club's going concern status. Should the impact turn out to be much more significant than currently anticipated, the Directors have the ability to impose a mandatory cash call on Members if necessary to ensure the continuity of operations. The Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company, Loch Lomond Members Golf Club Limited. The Directors have received confirmation that Loch Lomond Members Golf Club Limited will continue to support the Company for at least one year after these financial statements are signed.

Principal Risks and Uncertainties

Loch Lomond Golf Club Limited is the principal trading company in the Loch Lomond Members Golf Club Limited group which operates the Club. By acquiring Ordinary Shares in the ultimate parent company, Loch Lomond Members Golf Club Limited, the shareholders are provided Membership entitlement of Loch Lomond Golf Club. The Group needs to continue to attract new Members whose investment will be used to redeem the shares of Members who resign from the Membership. The Membership base once again surpassed the expected Membership number of 600 at the end of 2021 as we have continued to attract new Members during the pandemic. The Club continues to seek new Members and it is pleasing to note that current demand for Membership remains strong.

The £1,050,000 balance of the prior bank debt agreement was repaid in 2021, helping facilitate the new £3,000,000 debt agreement entered in August 2021. Other than this external debt, all remaining long-term liabilities are in the form of debt due to the ultimate parent company.

LOCH LOMOND GOLF CLUB LIMITED

STRATEGIC REPORT

Key Performance Indicators ("KPIs")

Key Performance Indicators

	2021	2020	Change %
The Groups key financial and other performance indicators during the year were:			
Turnover (£)	10,004,270	6,809,605	47%
EBITDA (£)	2,264,684	702,497	222%
Cash at bank and in hand (£)	8,036,278	5,030,511	60%
Number of Members (Pre Resigned)	609	613	-1%

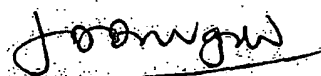
Turnover increased 47% year on year and this was due to the increased Member use of the Club.

EBITDA increased 222% year on year, and this was primarily due to the increase in turnover, but also some government financial support and robust cost control.

Cash at bank and in hand increased 60% year on year due to the new debt facility, and the increase in EBITDA.

Member numbers reduced 1% year on year, and this was driven by the restart of resigned Member share redemptions.

On Behalf of the Board



J D Burgess

Director

3 May 2022

LOCH LOMOND GOLF CLUB LIMITED

DIRECTORS' REPORT

The Directors present their annual report on the affairs of Loch Lomond Golf Club Limited together with the audited financial statements for the year ended 31 December 2021.

Future Developments

The Board of Directors primary objectives are to (i) maintain the Membership of the Club selectively, in particular through seeking New Members resident outside the UK (ii) maximize Member satisfaction by improving the quality of the service and the facilities while lowering the annual costs of enjoying Membership where possible (iii) ensure appropriate control of external debt, and timely redemption of Members' investments, in a manner consistent with ensuring the long-term financial viability of the Club.

Dividends

No dividends were paid or proposed during the year (2020: £Nil).

Financial Risk Management

The Company's operations expose it to a number of financial risks that include liquidity risk and interest rate risk. Given the size of the Company, the Directors have not delegated the responsibility of monitoring financial risk management. The policies set by the Board of Directors are implemented by the Company's finance department.

Liquidity Risk

The Company actively maintains enough cash to ensure the Company has sufficient available funds for operations and planned expansion, and also has the ability to make capital calls on Members if required. As noted above, the Company is also dependent longer term on continuing to attract new Members.

Interest Rate Cash Flow Risk

The bank loan bears interest at rates linked to Bank of England base rate. The Company and affiliate companies have jointly entered into a debt agreement as set out in note 18 to the financial statements.

Directors and their Interests

The Directors who served during the year and up to the date of this report were:

Sir A N R Rudd, Chairman
J D Burgess
S J Cassar
G W L Dietrich (Resigned 26 May 2021)
M A D Dundas (Appointed 26 May 2021)
P G Ellingson
A T Higginson
M J Krajewski (Resigned 26 May 2021)
N H Lock
R W H MacGeachy
B J O'Brien
S Rowlands (Appointed 26 May 2021)
S Scott
K J De Clercq Zubli

The Directors who held office at 31 December 2020 and 31 December 2021 had no direct interest in the share capital of the Company however at 31 December 2020 and 31 December 2021 all the Directors held shares in Loch Lomond Members Golf Club Limited, the ultimate parent company.

LOCH LOMOND GOLF CLUB LIMITED

DIRECTORS' REPORT (CONTINUED)

Qualifying Third Party and Pension Scheme Indemnity Provisions

No qualifying third-party indemnity provisions were in place for the benefit of any Directors during the years ended 31 December 2021 or 31 December 2020.

Political Contributions

No contributions were made for political purposes (2020: £nil).

Environment

The Company recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the Company's activities. Initiatives designed to minimise the Company's impact on the environment include recycling, controlling energy consumption and continuing management of the Loch Lomond course in order to conserve and restore natural ecosystems, focusing on birds, other wildlife, and their habitats for the benefit of humanity and the earth's biological diversity.

Employees

Details of the number of employees and related costs can be found in note 10 to the financial statements.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors 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.

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.

LOCH LOMOND GOLF CLUB LIMITED

DIRECTORS' REPORT (CONTINUED)

Going Concern

The Directors have assessed the company's status, and this has been outlined in the Strategic report above.

Disclosure of Information to Auditors

In the case of each of the persons who is a Director of the Company at the date when this report was approved confirms that:

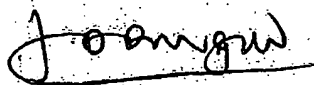
- so far as each of the Directors is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each of the Directors has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Independent Auditors

PricewaterhouseCoopers LLP have indicated their willingness to continue in office and an agreement concerning their re-appointment will be proposed at a future date.

Approved by the Board of Directors and signed on behalf of the Board



JD Burgess
Director

3 May 2022

LOCH LOMOND GOLF CLUB LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LOCH LOMOND GOLF CLUB LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Loch Lomond Golf Club Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2021; the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

LOCH LOMOND GOLF CLUB LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LOCH LOMOND GOLF CLUB LIMITED

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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.

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to employment law and tax law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the manipulation of Revenue. Audit procedures performed by the engagement team included:

- Enquiries of management around known or suspected instances of non-compliance with laws and regulations, claims and litigation, and instances of fraud;
- Understanding of management's controls designed to prevent and detect irregularities;
- Review of board minutes;
- Challenging management on assumptions and judgements made in their significant accounting estimates; and
- Identifying and testing journal entries to assess whether any of the journals appeared unusual, for example impacting revenue.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

LOCH LOMOND GOLF CLUB LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LOCH LOMOND GOLF CLUB LIMITED

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Matthew Kaye (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
3 May 2022

LOCH LOMOND GOLF CLUB LIMITED

STATEMENT OF COMPREHENSIVE INCOME For the year ended 31 December 2021

	Note	Year Ended 31st December 2021 £	Year Ended 31st December 2020 £
		Total	Total
TURNOVER	5	10,004,270	6,809,605
Other Income - Government Grants		449,304	832,757
Other Income - Staff Gratuities		314,127	163,940
Cost of Sales		(4,900,235)	(3,806,691)
GROSS PROFIT		5,867,466	3,999,611
Administrative Expenses		(3,520,928)	(3,230,069)
Other Operating Expenses	6	(2,861,261)	(2,779,239)
Other Operating Income	7	38,798	0
OPERATING LOSS	8	(475,925)	(2,009,697)
Operating loss consists of:			
<i>Ongoing Earnings before interest, tax, depreciation and amortisation ("EBITDA")</i>			
		2,264,684	702,497
Other Operating Income		38,798	0
Depreciation of Fixed Assets		(1,750,347)	(1,683,128)
Goodwill Amortisation		(1,029,060)	(1,029,065)
LOSS BEFORE INTEREST & TAXATION		(475,925)	(2,009,697)
Interest receivable and similar income		668	10,791
Interest payable and similar expenses		(10,812)	(32,823)
Net interest payable	9	(10,144)	(22,032)
LOSS BEFORE TAXATION		(486,069)	(2,031,728)
Tax on Loss	11	0	417,000
LOSS FOR THE FINANCIAL YEAR		(486,069)	(1,614,728)
Loss from Continuing Operations		(486,069)	(2,031,728)
Profit from Discontinued Operations		0	417,000
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR		(486,069)	(1,614,728)
Total comprehensive expense attributable to: Owners of the parent		(486,069)	(1,614,728)

The notes on pages 14 to 27 are an integral part of these financial statements.

LOCH LOMOND GOLF CLUB LIMITED

BALANCE SHEET

As at 31 December 2021

	Note	2021 £	2020 £
FIXED ASSETS			
Intangible assets	12	9,295,624	10,324,684
Tangible assets	13	20,068,067	20,717,353
		<u>29,363,691</u>	<u>31,042,037</u>
CURRENT ASSETS			
Stocks	14	326,473	317,825
Debtors	15	450,851	420,597
Cash at bank and in hand		8,036,278	5,030,511
		<u>8,813,602</u>	<u>5,768,933</u>
CREDITORS: Amounts falling due within one year	17	(47,288,731)	(48,266,339)
NET CURRENT LIABILITIES		<u>(38,475,129)</u>	<u>(42,497,406)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(9,111,438)	(11,455,369)
CREDITORS: Amounts falling due after more than one year	18	(2,830,000)	0
NET LIABILITIES		<u>(11,941,438)</u>	<u>(11,455,369)</u>
CAPITAL AND RESERVES			
Called up share capital	19	100	100
Accumulated losses		(11,941,538)	(11,455,469)
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		<u>(11,941,438)</u>	<u>(11,455,369)</u>
TOTAL EQUITY		<u>(11,941,438)</u>	<u>(11,455,369)</u>

The notes on pages 14 to 27 are an integral part of these financial statements.

The financial statements on pages 10 to 27 were approved by the Board of Directors and authorised for issue on 3 May 2022.

Signed on behalf of the Board of Directors


S J Cassar
Director

Loch Lomond Golf Club Limited,
Registered number SC370195

LOCH LOMOND GOLF CLUB LIMITED

STATEMENT OF CHANGES IN EQUITY For the year ended 31 December 2021

	Called up share capital £	Accumulated losses £	Total equity £
Balance as at 1 January 2020	100	(9,840,741)	(9,840,641)
Loss for the financial year	-	(1,614,728)	(1,614,728)
Total comprehensive expense for the year	-	(1,614,728)	(1,614,728)
Balance as at 31 December 2020	100	(11,455,469)	(11,455,369)
Balance as at 1 January 2021	100	(11,455,469)	(11,455,369)
Loss for the financial year	-	(486,069)	(486,069)
Total comprehensive expense for the year	-	(486,069)	(486,069)
Balance as at 31 December 2021	100	(11,941,538)	(11,941,438)

All interest in the Company's equity is controlling.

LOCH LOMOND GOLF CLUB LIMITED

CASH FLOW STATEMENT

For the year ended 31 December 2021

	Note	2021 £	2020 £
Net cash inflow from operating activities	22	2,237,717	691,197
Net cash generated from operating activities		<u>2,237,717</u>	<u>691,197</u>
Cash flow from investing activities:			
Purchase of tangible assets		(1,101,061)	(2,269,563)
Proceeds from disposal of tangible assets		38,798	0
Interest received		668	10,791
Net cash used in investing activities		<u>(1,061,595)</u>	<u>(2,258,772)</u>
Cash flow from financing activities:			
Repayment of bank loan facility		(1,050,000)	(150,000)
Receipts from new bank loan facility		3,000,000	0
Parent company (repayment) / funding		(109,543)	1,568,865
Interest paid		(10,812)	(32,823)
Net cash generated from financing activities		<u>1,829,645</u>	<u>1,386,042</u>
Net increase / (decrease) in cash and cash equivalents		<u>3,005,767</u>	<u>(181,533)</u>
Cash and cash equivalents at the beginning of the year		5,030,511	5,212,044
Cash and cash equivalents at the end of the year		<u>8,036,278</u>	<u>5,030,511</u>
Cash and cash equivalents consist of:			
Cash at bank and in hand		<u>8,036,278</u>	<u>5,030,511</u>

LOCH LOMOND GOLF CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. GENERAL INFORMATION

Loch Lomond Golf Club Limited operates championship standard golf courses and associated accommodation and leisure facilities in the United Kingdom. The Directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the year to 31 December 2021.

The Company is a private company limited by shares and is incorporated and domiciled in Scotland. The address of the registered office is Rosdhu House, Luss by Alexandria, Dunbartonshire.

2. STATEMENT OF COMPLIANCE

The individual financial statements of Loch Lomond Golf Club Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standards applicable in the United Kingdom and the Republic of Ireland ("FRS 102") and the Companies Act 2006.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of Preparation

These financial statements have been prepared on a going concern basis, under the historical cost convention. The preparation of financial statements in conformity with FRS 102 can require the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

b) Intangible fixed assets

Intangible fixed assets represent goodwill.

(i) Goodwill

Goodwill arose on the acquisition of the golf course business and assets during 2011 and related acquisition costs. The goodwill represents the excess of the consideration paid over the fair value of the net assets acquired. Goodwill arising upon the acquisition of the golf course business and assets in 2011 has been capitalised and is being amortised over 20 years on a straight line basis.

The Company evaluates the carrying value of goodwill in each financial year to determine if there has been an impairment in value, which would result in the inability to recover the carrying amount. When it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the statement of comprehensive income.

c) Tangible fixed assets

Tangible fixed assets are stated at cost, net of accumulated depreciation and any provision for impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

LOCH LOMOND GOLF CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Tangible fixed assets (continued)

All costs directly attributable to the development of the golf course are capitalised within fixed assets.

Depreciation is provided at rates calculated to write off the cost of each asset, less estimated residual value, on a straight line basis over its expected useful life as follows:

Plant and machinery	1 to 10 years
Fixtures, fittings and equipment	1 to 20 years
Leasehold land rights	Over the shorter of the lease term and remaining useful life
Leasehold buildings	Over the shorter of the lease term and remaining useful life
Leasehold land improvements	5 years

Residual value is calculated on prices prevailing at the date of acquisition. Freehold land is not depreciated, however improvements to the land are depreciated over a period of 5 - 10 years.

d) Stocks

Stocks are stated in the balance sheet at the lower of cost and estimated selling price less cost to complete and sold using the FIFO basis. Cost is based on purchase price of the stock.

Provision is made for obsolete, slow-moving or defective items where appropriate.

e) Deferred income

Income is deferred when it has been received in the year but will be earned in a future accounting period.

f) Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred tax assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of UK corporation tax payable in respect of the taxable profit for the year or prior year. It is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

(ii) Deferred tax

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

LOCH LOMOND GOLF CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) **Taxation (continued)**

(ii) Deferred tax (continued)

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of available evidence, 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.

g) **Foreign currency**

Transactions denominated in foreign currencies are recorded in sterling at exchange rates as of the date of the transaction or the average exchange rate for the week in which they are incurred. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the statement of comprehensive income.

h) **Employee benefits**

The Company provides a range of benefits to employees, including paid holiday arrangements and a defined contribution pension plan.

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits are recognised as an expense in the period in which the service is received.

(ii) Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

i) **Turnover**

Turnover represents revenue from annual Membership dues, golf course operations, lodging, food and beverage sales and other goods and services (excluding VAT and similar taxes). Revenue is recognised upon the provision of the service or at the point of sale of goods.

j) **Other Income**

Other income (Staff Gratuities) relates to discretionary gratuities paid by Members which the Club receives and then pays to staff alongside their wages. These payments are included within the wages disclosures in note 8 and are subject to UK income tax and national insurance deductions. Other income (Government Grants) relates to monies received under the UK Government's Coronavirus Job Retention Scheme (CJRS). Grants which relate to revenue are recognised in income in the period the related costs are incurred by the entity for which the grant is intended to compensate. This follows the accrual model defined under Section 24 of FRS 102.

k) **Leases and hire purchase contracts**

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance assets.

LOCH LOMOND GOLF CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) Leases and hire purchase contracts (continued)

(i) Hire purchase & Finance leased assets

Assets held under finance leases or hire purchase contracts are capitalised and are initially reported at the fair value of the asset with an equivalent liability categorised as appropriate under creditors due within or after one year. The assets are depreciated over the shorter of the lease term and their estimated useful life. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

(ii) Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term. Further information on charges in the period and future commitments is given in note 20.

l) Cash and cash equivalents

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

m) Financial Instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial Assets

Basic financial assets, including trade and other receivable and cash and bank balances are initially recognised at transaction price, 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.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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 the statement of comprehensive income.

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 through the statement of comprehensive income.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

LOCH LOMOND GOLF CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m) Financial Instruments (continued)

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts 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 payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

n) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds

4. CRITICAL ACCOUNTING JUDGEMENTS AND 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. No estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are used in the preparation of these financial statements.

LOCH LOMOND GOLF CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

5. TURNOVER

The class of business in 2021 and 2020 was the operation of a championship standard golf course and associated accommodation and leisure facilities in the United Kingdom.

	2021 £	2020 £
Sale of goods	2,175,548	1,077,910
Provision of services	7,828,722	5,731,695
	10,004,270	6,809,605

6. OTHER OPERATING EXPENSES

	2021 £	2020 £
Amortisation of goodwill	1,029,060	1,029,065
Depreciation of fixed assets	1,750,347	1,683,128
Selling and marketing expenses	81,854	67,046
	2,861,261	2,779,239

7. OTHER OPERATING INCOME

During the 2021 Financial year, the business disposed of Assets that generated a positive return. This has been recognised in the consolidated statement of comprehensive income.

8. OPERATING LOSS

Operating loss is stated after charging / (crediting):

	2021 £	2020 £
Wages and salaries (see Note 3j)	3,997,118	3,678,234
Social security costs	348,143	305,134
Other pension costs	117,320	134,221
Staff costs	4,462,581	4,117,589
Gain on disposal of tangible assets	(38,798)	0
Operating lease charges	398,505	410,497
Audit fees payable to the Company's auditors	29,000	28,000
Fees for other services payable to the Company's auditors – tax services	12,000	12,000
Depreciation and amortisation of tangible and intangible fixed assets		
- Goodwill	1,029,060	1,029,065
- Depreciation – owned assets	1,750,347	1,683,128

LOCH LOMOND GOLF CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

9. NET INTEREST PAYABLE

	2021 £	2020 £
(a) Interest receivable and similar income		
Bank interest	668	10,791
Total Interest receivable and similar income	668	10,791
(b) Interest payable and similar expenses		
Interest expense on bank loans	10,812	32,823
Total Interest payable and similar expenses	10,812	32,823

10. EMPLOYEES AND DIRECTORS

The average monthly number of employees for the Company were:

	2021 Number	2020 Number
Employees:		
Operations	110	110
Sales	48	46
Administration	18	18
	176	174
Directors:		
Aggregate Emoluments	0	0

Retirement benefits are accruing to nil (2020: nil) for Directors. No Directors (2020: no Directors) were a Member of the defined contribution scheme.

Key management compensation

Key management includes the Directors and Members of senior management. Directors do not receive remuneration in relation to their Board positions. The compensation paid or payable to key management for employee services is shown below:

	2021 £	2020 £
Salaries and other short term benefits	509,577	491,488

LOCH LOMOND GOLF CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2021

11. TAX ON LOSS

	2021 £	2020 £
(a) Tax expense included in profit or loss		
Current tax:		
UK corporation tax on loss for the year	0	(417,000)
Total current tax	<u>0</u>	<u>(417,000)</u>
Deferred tax:		
Origination and reversal of timing differences	0	0
Total deferred tax	<u>0</u>	<u>0</u>
Tax on loss	<u>0</u>	<u>(417,000)</u>
(b) Reconciliation of tax charge		
	2021 £	2020 £
Loss before taxation	<u>(486,069)</u>	<u>(2,031,728)</u>
Tax on loss before taxation at standard UK corporation tax rate of 19% (2020: 19%)	(92,353)	(386,028)
<i>Factors affecting charge for the year:</i>		
Reversal of prior year tax charge	0	(417,000)
Mutual trading loss not subject to corporation tax	(233,590)	(47,358)
Expenses not deductible for tax purposes	3,548	2,940
Depreciation in excess of capital allowances	196,458	161,966
Trading losses carried forward	125,937	268,480
Total Current Tax Charge	<u>(0)</u>	<u>(417,000)</u>

The Tax credit for 2020 relates to the gain on disposal of Dundonald Links Operations. This is a respective reversal of the charge in 2019 and is the result of the final tax computation being agreed that a change in carry forward allowances that resulted in the charge being reduced to a zero liability.

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future tax charge accordingly. The deferred tax balance at 31 December 2021 has been calculated at 25% (2020: 19%).

LOCH LOMOND GOLF CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2021

12. INTANGIBLE ASSETS

The movement in the year was as follows:

	Total £
COST	
At 1 January 2021 and 31 December 2021	<u><u>20,615,334</u></u>
ACCUMULATED AMORTISATION	
At 1 January 2021	(10,290,650)
Charge for year	(1,029,060)
At 31 December 2021	<u><u>(11,319,710)</u></u>
NET BOOK VALUE	
At 31 December 2021	<u><u>9,295,624</u></u>
At 31 December 2020	<u><u>10,324,684</u></u>

Intangible fixed assets comprise purchased goodwill arising from the acquisition of the golf course assets on 13 January 2011 and related costs of acquisition capitalised. The remaining amortisation period is 9 years (2020: 10 years).

LOCH LOMOND GOLF CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2021

13. TANGIBLE ASSETS

	Leasehold Land Rights £	Leasehold Land Improvements £	Leasehold Buildings £	Plant & Machinery £	Fixtures Fittings & Equipment £	Company Total £
Cost or Valuation						
At 1 January 2021	6,750,000	7,933,961	7,271,761	1,196,081	5,220,590	28,372,393
Additions	0	179,331	240,691	233,845	447,194	1,101,061
Disposals	0	0	0	(42,019)	0	(42,019)
At 31 December 2021	6,750,000	8,113,292	7,512,452	1,387,907	5,667,784	29,431,435
Accumulated Depreciation						
At 1 January 2021	634,565	1,427,882	1,340,233	995,994	3,256,366	7,655,040
Charge	63,679	755,305	339,908	159,515	431,940	1,750,347
Disposals	0	0	0	(42,019)	0	(42,019)
At 31 December 2021	698,244	2,183,187	1,680,141	1,113,490	3,688,306	9,363,368
Net Book Value						
At 31 December 2021	6,051,756	5,930,105	5,832,311	274,417	1,979,478	20,068,067
At 31 December 2020	6,115,435	6,506,079	5,931,528	200,087	1,964,224	20,717,353

The underlying entitlement to use the leasehold land on which the Loch Lomond golf course is situated and related leasehold buildings is through a 125 year lease expiring in 2117.

Plant and machinery includes £nil (2020: £nil) of assets at net book value held under hire purchase contracts.

Included within Leasehold buildings is £nil (2020: £nil) of assets under construction at the year-end.

The Directors have reviewed the Company's fixed assets and goodwill for impairment. Based on their review they confirm that the expected recoverable amount exceeds the carrying amount and that no impairment exists.

LOCH LOMOND GOLF CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

14. STOCKS

	2021 £	2020 £
Consumables and items held for resale	<u>326,473</u>	<u>317,825</u>

There is no material difference between the balance sheet value of stocks and their replacement cost.

15. DEBTORS

	2021 £	2020 £
<i>Amounts falling due within one year:</i>		
Other debtors	354,948	192,910
Prepayments and accrued income	<u>95,903</u>	<u>227,687</u>
	<u>450,851</u>	<u>420,597</u>

16. DEFERRED TAX

A deferred tax asset has not been recognised in respect of timing differences relating to accelerated capital allowances and trading losses carried forward as, in the opinion of the Directors, there is insufficient evidence that the asset will be recovered in the foreseeable future. The amount of the total asset not recognised is £1,914,287 (2020: £1,982,195).

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2020 £
<i>Amounts falling due within one year:</i>		
Bank loans and overdrafts	200,000	1,050,000
Trade creditors	348,076	209,560
Amounts owed to group undertakings	43,340,549	43,450,092
Taxation and social security	93,062	77,976
Other creditors	135,571	171,548
Accruals and deferred income	<u>3,171,473</u>	<u>3,307,163</u>
	<u>47,288,731</u>	<u>48,266,339</u>

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

LOCH LOMOND GOLF CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2021 £	2020 £
<i>Amounts falling due after more than one year:</i>		
Bank loans and overdrafts	2,800,000	0
Accruals and deferred income	30,000	0
	<u>2,830,000</u>	<u>0</u>
 Bank Loan Repayment Profile		
On demand or within one year	200,000	0
Between one and two years	600,000	0
Between two and five years	1,800,000	0
Greater than five years	400,000	0
	<u>3,000,000</u>	<u>0</u>

The Company repaid the prior Single Currency Term Facility Agreement with the Bank of Scotland plc (the "Lender") with a termination date of 31 May 2021, on 28 May 2021. A new CBILS (Coronavirus Business Interruption Loan Scheme) Facility Agreement was entered with Bank of Scotland for the principle of £3,000,000 over a term of 60 Months. The debt due under the agreement bears interest at BOE Base plus 2.25% and interest is payable Monthly. The following is a summary of the main repayment terms:

- Monthly payment of £50,000 Capital, plus Interest (First payment due September 2022)
- Additional payments can be made at any time, without penalty, including full repayment

The key financial covenants under which the Company needs to comply include a cash flow after debt service cover (CFADS), leverage, and senior interest cover. As of 31 December 2021 no covenants have been breached.

The following securities have been provided to the Lender: standard security, floating charge, and composite Guarantee and Debenture over Group assets.

LOCH LOMOND GOLF CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

19. CALLED UP SHARE CAPITAL

Company	2021 £	2020 £
<i>Allotted and fully-paid:</i>		
10 (2020 : 10) ordinary A shares of £10 each	100	100
Total issued share capital	100	100

There is a single class of ordinary shares. There was no movement in the share capital during the year. The Company's Articles of Association provide that (a) the Company does not dividend or distribute its profits except to any other Company or entity which also precludes any dividend or distribution of its profits on the same basis as the Company (b) the Company only uses any surplus which it has generated in (i) the continuance, improvement and expansion of the trade and business carried on or proposed to be carried on by the Company, (ii) the acquisition of assets by the Company, (iii) the continuance and improvement of the Company's assets from time to time and (iv) the payment of the Company's liabilities.

20. GUARANTEES AND FINANCIAL COMMITMENTS

Guarantees

The Company has pledged to the bank a continuing security interest in substantially all of its assets. Total borrowings of the Company at 31 December 2021 under the related loan were £3,000,000 (2020: £1,050,000). Further details of the guarantees provided are included in note 18.

Financial commitments

There were £nil capital commitments outstanding at 31 December 2021 (2020: £nil).

The Company had the following future minimum lease payments under non-cancellable operating leases for each of the following years:

Company - future commitments to non-cancelable operating leases	2021 £	2020 Restated £
Expiry date		
- Not later than one year	397,822	402,141
- Later than one year and not later than five years	1,345,194	1,375,890
- Later than five years	29,747,900	30,057,182
	31,490,916	31,835,213

The restatement of the 2020 future commitments to non-cancellable operating leases is a result of a calculation error made in the apportionment of commitments between Not later than one year, later than one year and not later than 5 years and Later than 5 years.

The restatement has resulted in Later than 5 years being reduced by £1,652,118, with Not Later than one year being increased by £377,572 and Later than one year and not later than 5 years being increased by £1,274,546.

The lease commitment where the expiry is later than five years relates to the lease of the Loch Lomond property which expires in 2117. The annual lease charge is reviewed every five years, with the next review due in 2023.

LOCH LOMOND GOLF CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2021

21. RELATED PARTY TRANSACTIONS

There were no related party transactions during the year to the 31st December 2021 (Nil in year to 31st December 2020). There are no outstanding balances in this regard as of 31st December 2021 (Nil in year to 31st December 2020).

See note 10 for disclosure of the Directors' remuneration and key management compensation.

22. NOTES TO THE CASH FLOW STATEMENT

	2021 £	2020 £
Loss for the financial year	(486,069)	(1,614,728)
Adjustments for:		
Tax on loss	0	(417,000)
Net interest expense	10,144	22,032
Operating loss	(475,925)	(2,009,696)
Amortisation of intangible assets	1,029,060	1,029,065
Depreciation of tangible assets	1,750,347	1,683,128
Gain on disposal of tangible assets	(38,798)	0
Recognition of deferred income	63,655	273,723
<i>Working capital movements:</i>		
- Increase in inventories	(8,648)	(29,184)
- (Increase) / Decrease in debtors	(30,254)	157,440
- Decrease in payables	(51,720)	(413,279)
Cash flow from operating activities	2,237,717	691,197

23. ULTIMATE CONTROLLING PARTY

At 31st December 2021 Loch Lomond Members Golf Club Limited, a Cayman Islands company registered at Clifton House, 75 Fort Steet, PO BOX 1350, Grand Cayman, owns 100% of the Company's ordinary share capital and is considered to be the ultimate parent undertaking and controlling party of the Company.