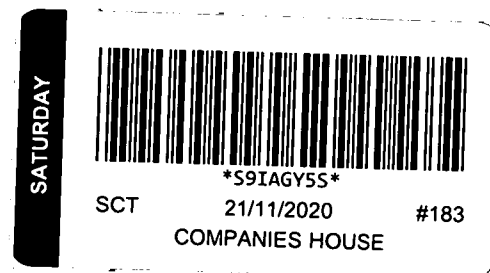


**Company Registration No. SC614703 (Scotland)**

**Cairngorm Mountain (Scotland) Limited**

**Annual report and financial statements  
for the period ended 31 March 2020**



## **Cairngorm Mountain (Scotland) Limited**

### **Company information**

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<b>Directors</b>	Andrew Burgess	(Appointed 15 November 2019)
	Bill Lobban	(Appointed 14 January 2019)
	Rachel Mackenzie	(Appointed 10 September 2019)
	Peter Mearns (Chairman)	(Appointed 14 January 2019)
	Douglas Yule	(Appointed 14 January 2019)
<b>Secretary</b>	Burness Paull LLP	
<b>Company number</b>	SC614703	
<b>Registered office</b>	An Lochran Inverness Campus Inverness IV2 5NA	
<b>Independent auditor</b>	Saffery Champness LLP Kintail House Beechwood Park Inverness IV2 3BW	

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## **Cairngorm Mountain (Scotland) Limited**

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## **Cairngorm Mountain (Scotland) Limited**

### **Directors' report**

**For the period ended 31 March 2020**

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The directors present their annual report and financial statements for the 16 month period ended 31 March 2020.

### **Principal activities**

The principal activity of the company is the operation of snow and mountain leisure facilities in the Cairngorm Mountains.

The company was incorporated in Scotland on 26 November 2018 as a private limited company.

The company commenced trading on 17 December 2018.

### **Chairman's Statement**

I am delighted that I am able to share with you this first set of accounts and the first Statement of the Chair. Delighted because in 2018 the news broke that the funicular railway would have to close due to safety concerns, and shortly thereafter the then operator put the previous operating company into administration. Not for the first time the future of snow sports and facilitated access to the mountain looked bleak, and the knock on impact to the economy of Badenoch & Strathspey could be dire. Fortunately, Highlands & Islands Enterprise (HIE) moved very quickly and secured the assets and business. This was vital as in the environmental conditions the assets (buildings, infrastructure, tows etc) would quickly deteriorate if left unmaintained and could become hazardous to other users of the mountain. The assets and business were bought by a new, wholly owned subsidiary company established and supported by HIE, Cairngorm Mountain (Scotland) Limited (CMSL) and a new chapter in the story of Cairngorm began.

And what a story it has been! A new board was appointed and we were in no doubt about the enormity of the task that faced us. The closure of the funicular was a disaster for the viability of the business; it decimated the non-snow sport year round attraction to visitors, and severely reduced the available uplift during winter meaning that even with good conditions the number of visitors who could be accommodated on the slopes was much reduced. So it was vital to get the funicular reinstated. But it was also vital to futureproof the business towards a year round attraction which was not overly dependent on snow sports. That is not to take away from the importance of snow sports and the much needed visitors it attracts to the wider area, but by itself would not sustain a viable business. We need to provide visitors with a year round reason to come to the mountain, and to provide an experience which brings them back, time and again. It was clear that significant investment would be required to turn the business around with fit for purpose facilities and a world class visitor experience. To do this will take vision, money, time, and as we have learned, considerable patience.

However, the journey has begun and we are nearly two years down the track. The objective of the board has been to stabilise the company, re-open where possible year round and to work with our parent company and other stake holders to move towards future sustainability. I would stress that first and foremost the board has a commitment to operating our facilities safely. One of our first appointments was to bring in a Health & Safety manager and the first order of business at our monthly board meetings is Health & Safety. I know that sometimes our commitment to this can cause disappointment; we are sorry when we cannot open, or when changing conditions on the Mountain mean we have to close early, but the safety of our visitors and staff has to be our number one concern in the challenging conditions in which we operate.

**Directors' report (continued)**

**For the period ended 31 March 2020**

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These accounts cover an extended period from 26 November 2018 (when the company was incorporated) until 31 March 2020. They therefore cover 16 months, rather than the usual 12. They also cover two winter seasons, both of which proved challenging. The first, 18/19 turned out to be one of the worst for snow in living memory and the whole Scottish industry suffered disastrously. In 19/20 the snow was again late in coming but by mid February 2020 conditions were the best they had been in years. One social media post from a delighted visitor proclaimed "Cairngorm is back!" and so it was. After all the hard work put in by staff to prepare the slopes it was fantastic to see people flocking to the hills and enjoying themselves. Snow cover was such that we anticipated snow sports running until at least Easter, bringing visitors to the mountain and much needed revenue to the company. But, of course, a global pandemic had been ominously spreading and the leisure and tourism sectors have been amongst the hardest hit. In March 2020 it was necessary to close our facilities, and the majority of staff were put onto the UK government's furlough scheme. This scheme, now extended to March 2021 has been a life saver for businesses and employees all over the country. However, as a result of the pandemic being controlled over Spring 2020, and in accordance with Scottish Government regulations, we were able to re-open to catch part of the summer tourist season. It was necessary to introduce a comprehensive Covid management plan and this enabled us to re-open our food, beverage and retail facilities; initially on a "grab and go" basis with outside seating and latterly indoors with social distancing.

The results are as noted in these accounts. They include the reopening costs and money spent on refurbishing our cafe and restaurant. We also introduced an exhibition for visitors and a tubing slide to entertain younger (and older as it turns out!) riders. As explained, the funding from HIE has enabled the development of the company and supported us through two loss making seasons. The initial funding came in the form of share capital and loans; we are now primarily funded by revenue grants which means that in future accounts the company should break even. Throughout the period, and into this current financial year, the company has operated ahead of budget as we have sought to reduce costs, improve facilities and expand income. We are particularly pleased that revenue has exceeded budget every month since we reopened in the summer.

So, as you can see, it has not been a "smooth" initial period for the new company. But I wanted to share with you one of many improvements we have made which will be very noticeable during the coming winter season. In December 2019 we were granted planning permission by Cairngorms National Park Authority for piste smoothing and grading works on a specified area of the lower slopes. This work has improved and increased the skiable area at base level with better access for snow sports and piste machinery. This has included the installation of buried pipe which has enabled the removal of drainage trenches which were unsightly and detrimental to snow sports and snow making. The reduction of existing mounds has enabled two new entry points and removed the fall risk at the car park tow drive unit. The landscaping has used the material available on site to recontour the area in keeping with the local surroundings. The area is ready for snow making this winter and we will realise the efficiencies in snow production on our opening day of 19 December 2020 and in subsequent seasons.

**Directors' report (continued)**

**For the period ended 31 March 2020**

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On 9 October 2020 we received the news we had been hoping for. The Cabinet Secretary for Rural Economy and Tourism, Fergus Ewing MSP announced that he had approved the Business Case for Cairngorm (which had been submitted by HIE), including the reinstatement of the funicular and the continuing funding of the operating company, CMSL. Balfour Beatty were appointed as the main contractor and they have already commenced operations on site. The reinstatement work would have been a big job at any time, but with winter closing in, and the need for Covid safe working practices, it is even more of a challenge. It is hoped that the funicular will be available again during the 21/22 winter season, but that of course will be dependent on a range of factors outwith the control of HIE or CMSL, including weather conditions on the Mountain over the construction window and on how the pandemic progresses over the next year.

There are four groups which I would like to thank, all of whom have been critical to both the re-opening of the business and our progress to date. Firstly (and in no particular order) to HIE, our shareholder, landlord and investor who have continued to recognise the importance of Cairngorm to the local economy and have prepared the business case to support continued investment of public money in the company and overseen the preparation of the Cairngorm Master planning process. I would also like to acknowledge the support and expertise which HIE have made available to the company and to the leadership of former Chair Lorne Crerar CBE and their Chief Executive Charlotte Wright. Secondly, to the Scottish Government for making the funds available to continue this project and to Fergus Ewing MSP who has been very supportive and opened our new exhibition and revamped catering facilities last year. To have secured the funding for the funicular, in the midst of the demands of the Covid pandemic, demonstrates to us all the commitment of the Scottish Government to this area and to supporting tourism and the local economy. Thirdly, to the business and local community for their enthusiasm and support, which is so important not least by demonstrating support for our staff. And, last, but not least, to our tremendous staff at CMSL, and to our interim CEO Susan Smith and the management team. Our staff have seen a lot a lot of change, not least in culture, and worked through some very difficult times and on behalf of the board I wish to thank them for their dedication, commitment and enthusiasm.

## Cairngorm Mountain (Scotland) Limited

### Directors' report (continued)

For the period ended 31 March 2020

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#### Future developments

The company continues to monitor the impact of the pandemic on the business. Please see the Events after the balance sheet date note to the financial statements for further information on future developments and actions being taken to secure the long term sustainability of the business.

#### Directors

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

Andrew Burgess	(Appointed 15 November 2019)
Bill Lobban	(Appointed 14 January 2019)
Rachel Mackenzie	(Appointed 10 September 2019)
Peter Mearns (Chairman)	(Appointed 14 January 2019)
Douglas Yule	(Appointed 14 January 2019)
Douglas Cowan	(Appointed 26 November 2018 and resigned 14 January 2019)
Nicholas Kenton	(Appointed 26 November 2018 and resigned 14 January 2019)
David Oxley	(Appointed 28 November 2018 and resigned 10 September 2019)

#### Auditor

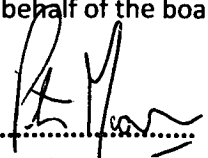
Saffery Champness LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

#### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board



Peter Mearns  
Director

Date: 18/11/2020

**Directors' responsibilities statement  
For the period ended 31 March 2020**

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The directors are responsible for preparing the annual 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 judgements 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.



## **Cairngorm Mountain (Scotland) Limited**

### **Independent auditor's report**

#### **To the members of Cairngorm Mountain (Scotland) Limited**

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#### **Opinion**

We have audited the financial statements of Cairngorm Mountain (Scotland) Limited (the 'company') for the period ended 31 March 2020 which comprise the profit and loss account, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its loss 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.

#### **Basis for opinion**

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

#### **Conclusions relating to going concern**

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

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

## **Cairngorm Mountain (Scotland) Limited**

### **Independent auditor's report (continued)**

#### **To the members of Cairngorm Mountain (Scotland) Limited**

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#### **Other information**

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

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

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

## **Cairngorm Mountain (Scotland) Limited**

### **Independent auditor's report (continued)**

**To the members of Cairngorm Mountain (Scotland) Limited**

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#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

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

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

#### **Use of our report**

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

*Saffery Champness LLP*

**Eunice McAdam (Senior Statutory Auditor)**  
**for and on behalf of Saffery Champness LLP**

*20/11/2020*

**Chartered Accountants**  
**Statutory Auditors**

Kintail House  
Beechwood Park  
Inverness  
IV2 3BW

**Cairngorm Mountain (Scotland) Limited****Profit and loss account****For the period ended 31 March 2020**

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		<b>16 month period ended 31 March 2020 £</b>
<b>Turnover</b>		1,165,836
Cost of sales		(1,846,824)
		<hr/>
<b>Gross loss</b>		(680,988)
Administrative expenses		(972,798)
Other operating income		655,825
		<hr/>
<b>Operating loss</b>		(997,961)
Interest payable and similar expenses	<b>5</b>	(8,858)
		<hr/>
<b>Loss before taxation</b>		(1,006,819)
Tax on loss		-
		<hr/>
<b>Loss for the financial period</b>		(1,006,819)
		<hr/> <hr/>

**Cairngorm Mountain (Scotland) Limited****Balance sheet****As at 31 March 2020**

	Notes	2020 £	£
<b>Fixed assets</b>			
Tangible assets	6		687,680
<b>Current assets</b>			
Stocks		16,177	
Debtors	7	160,332	
Cash at bank and in hand		150,879	
		327,388	
<b>Creditors: amounts falling due within one year</b>	8	(456,603)	
<b>Net current liabilities</b>			(129,215)
<b>Total assets less current liabilities</b>			558,465
<b>Creditors: amounts falling due after more than one year</b>	9		(504,332)
<b>Net assets</b>			54,133
<b>Capital and reserves</b>			
Called up share capital	13		1,060,952
Profit and loss reserves			(1,006,819)
<b>Total equity</b>			54,133

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 18/11/2020 and are signed on its behalf by:



Peter Mearns  
Director

**Company Registration No. SC614703**

**Cairngorm Mountain (Scotland) Limited**

**Statement of changes in equity  
For the period ended 31 March 2020**

	Notes	Share capital £	Profit and loss reserves £	Total £
<b>Period ended 31 March 2020:</b>				
Loss and total comprehensive income for the period		-	(1,006,819)	(1,006,819)
Issue of share capital	<b>13</b>	1,060,952	-	1,060,952
<b>Balance at 31 March 2020</b>		<u>1,060,952</u>	<u>(1,006,819)</u>	<u>54,133</u>

## **Cairngorm Mountain (Scotland) Limited**

### **Notes to the financial statements**

**For the period ended 31 March 2020**

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#### **1 Accounting policies**

##### **Company information**

Cairngorm Mountain (Scotland) Limited is a private company limited by shares incorporated in Scotland. The registered office is An Lochran, Inverness Campus, Inverness, IV2 5NA.

##### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

**1 Accounting policies (continued)**

**1.2 Going concern**

The company was incorporated on 26 November 2018 and commenced trading on 17 December 2018. The company began trading while the funicular railway was out of operation and with significant maintenance, upgrading and reorganisation required. It was therefore expected that financial support would be required from the parent company. The initial support provided by Highlands and Islands Enterprise (HIE) was in the form of share capital, loans and a repayable grant. The company accordingly budgeted to make losses in this first trading period. The company incurred a loss of £1,006,819 for the 16 months to 31 March 2020. During the period subsequent funding received from HIE to support the operating costs of the company was in the form of a revenue grant that was paid monthly based on cash need. With this support, from that point, on the company's management accounts showed a break even trading position and that has continued into the current year.

The company is therefore reliant on continuing financial support from its parent undertaking, HIE, to enable it to continue operating and to meet its financial obligations as they fall due. Revenue funding has been agreed with HIE for the period to 31 March 2021 and will be agreed annually going forward. Such funding is of course subject to conditions relating to approval and satisfactory delivery of the business plan and KPI's and approval by HIE of agreed business cases. HIE has provided a letter of support to the directors in respect of this. In addition, on 9 October 2020 the Cabinet Secretary for Rural Economy and Tourism, Fergus Ewing MSP announced that he had approved the Business Case for Cairngorm which had been submitted by HIE. Along with funding for other capital works and on-going revenue support for the company this included funding for the reinstatement of the funicular railway. This announcement from the Scottish Government provides the framework under which the company will be supported financially for the next five years.

Included in note 10 is a loan of £400,000 from HIE. HIE have stated that repayment of this loan will not be requested with 12 months from the date of approval of these financial statements, unless the company is in a position to repay this amount without impacting on the company's ability to repay its other liabilities as they fall due.

Accordingly, at the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

**1.3 Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.



**Notes to the financial statements (continued)**  
**For the period ended 31 March 2020**

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**1 Accounting policies (continued)**

**1.4 Tangible fixed assets**

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

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

Plant and equipment	5-10 years straight line
Fixtures and fittings	5 years straight line
Office equipment	5 years straight line
Other equipment	4-5 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

**1.5 Impairment of fixed assets**

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

**1.6 Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

**1.7 Cash and cash equivalents**

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

**1.8 Financial instruments**

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

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

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

**1 Accounting policies (continued)**

***Basic financial assets***

Basic financial assets, which include debtors, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

***Impairment of financial assets***

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

**1 Accounting policies (continued)**

***Basic financial liabilities***

Basic financial liabilities, including creditors, 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

***Derecognition of financial liabilities***

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

**1.9 Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

**1.10 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

**1.11 Retirement benefits**

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

**1.12 Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

**1 Accounting policies (continued)**

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

**1.13 Government grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

**1.14 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

**2 Critical accounting judgements and key sources of estimation uncertainty**

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

**3 Auditor's remuneration**

	<b>2020</b>
Fees payable to the company's auditor:	<b>£</b>
<b>For audit services</b>	
Audit of the financial statements of the company	15,000
	<u>          </u>

**Cairngorm Mountain (Scotland) Limited****Notes to the financial statements (continued)**  
**For the period ended 31 March 2020****4 Employees**

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

	<b>2020 Number</b>
Total	61

**5 Interest payable and similar expenses**

**16 month  
period  
2020  
£**

Interest payable and similar expenses includes the following:

Interest payable to group undertakings	8,858
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**6 Tangible fixed assets**

	<b>Plant and machinery etc £</b>	<b>Other equipment £</b>	<b>Total £</b>
<b>Cost</b>			
At 26 November 2018	-	-	-
Additions	751,079	69,769	820,848
At 31 March 2020	751,079	69,769	820,848
<b>Depreciation and impairment</b>			
At 26 November 2018	-	-	-
Depreciation charged in the period	115,568	17,600	133,168
At 31 March 2020	115,568	17,600	133,168
<b>Carrying amount</b>			
At 31 March 2020	635,511	52,169	687,680

**Cairngorm Mountain (Scotland) Limited**

**Notes to the financial statements (continued)**

**For the period ended 31 March 2020**

**7 Debtors**

	<b>2020</b>
	<b>£</b>
<b>Amounts falling due within one year:</b>	
Trade debtors	5,157
Other debtors	155,175
	<u>160,332</u>

**8 Creditors: amounts falling due within one year**

	<b>2020</b>
	<b>£</b>
Trade creditors	40,711
Taxation and social security	27,008
Other creditors	388,884
	<u>456,603</u>

**9 Creditors: amounts falling due after more than one year**

	<b>2020</b>
	<b>£</b>
	<b>Notes</b>
Other borrowings	<b>10</b> 400,000
Government grants	<b>11</b> 104,332
	<u>504,332</u>

**10 Loans and overdrafts**

	<b>2020</b>
	<b>£</b>
Loans from group undertakings and related parties	400,000
	<u>400,000</u>
Payable after one year	400,000
	<u>400,000</u>

The company received a loan of £400,000 from its parent undertaking, Highlands & Islands Enterprise. The loan is secured by a floating charge over the company's assets, and is repayable before December 2028.

**11 Government grants**

The company received £600,000 in the form of a repayable grant from its parent undertaking, Highlands & Islands Enterprise, on 14 December 2018. The grant is for the purpose of funding the company's operating losses and is interest free and repayable in the event of certain repayment triggers being met, based on the company's financial performance and position as measured at each balance sheet date. None of these repayment triggers had been met at 31 March 2020, and so a liability for repayment of the grant is not reflected in these financial statements. £94,375 of this grant has been deferred and is included in deferred income in note 9. The remaining £505,625 is included in other income in the profit and loss account.

The company received £209,894 of grant assistance from Highlands & Islands Enterprise to fund activity geared towards enhancing the summer visitor experience. £123,634 of this grant funded capital expenditure, and accordingly this amount was deferred and will be amortised in line with the useful life of the assets purchased. £19,302 was released to the income statement in the period, leaving a deferred element of £104,332 at the balance sheet date. The balance of £86,360 is included in other income in the profit and loss account.

The company received £15,355 of grant assistance from Highlands & Islands Enterprise to fund the Snow Factory, all of which is included in other income in the profit and loss account.

**12 Retirement benefit schemes**

	<b>2020</b>
<b>Defined contribution schemes</b>	<b>£</b>
Charge to profit or loss in respect of defined contribution schemes	38,050

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

**13 Called up share capital**

	<b>2020</b>
<b>Ordinary share capital</b>	<b>£</b>
<b>Issued and fully paid</b>	
1,060,952 of £1 each	1,060,952

**14 Events after the reporting date**

On 9 October 2020 the Cabinet Secretary for Rural Economy and Tourism, Fergus Ewing MSP announced that he had approved the Business Case for Cairngorm which had been submitted by Highlands & Islands Enterprise. Along with funding for other capital works and on-going revenue support for the company this included funding for the reinstatement of the funicular railway. Balfour Beatty were appointed as the main contractor and they have already commenced operations on site. It is envisaged that the funicular will be back in use during the 21/22 winter season. However exact timing depends on factors outwith the control of HIE and CMSL including weather conditions on the Mountain over the construction window and on how the pandemic progresses over the next year. The company is also currently planning the works necessary to re-open the Ptarmigan so that it is fully open for visitors when the railway is reopened.

As a result of the Covid-19 pandemic, and in line with Scottish government regulations, the company closed its visitor facilities in March 2020. The catering and retail facilities were able to reopen in the summer. The company is planning to hold our opening day for snow sports on 19 December 2020. This will be done in conjunction with our Covid management plan and in compliance with Scottish government regulations and industry guidance.