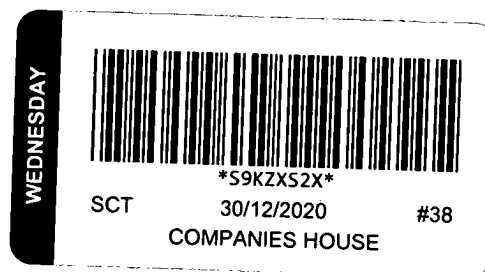


CASTLE STUART GOLF LLP
ANNUAL REPORT AND UNAUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31
DECEMBER 2019

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CASTLE STUART GOLF LLP

LIMITED LIABILITY PARTNERSHIP INFORMATION

Designated member Grant Sword
Paul Olson
Daniel Reiner
Deirdre Parsinen
Moray Estates Developments
Limited

Limited liability partnership number SO300920

Registered office Kinburn Castle
Doubledykes Road
ST ANDREWS
Fife
KY16 9DR

Accountants Johnston Carmichael LLP
Clava House
Cradlehall Business Park
INVERNESS
IV2 5GH

Solicitors Thorntons LLP
17-21 Bell Street
ST ANDREWS
KY16 9UR

CASTLE STUART GOLF LLP

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CASTLE STUART GOLF LLP

BALANCE SHEET

AS AT 31 DECEMBER 2019

		2019		2018 as restated	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	3		7,949,350		7,975,876
Investments	4		79,621		78,725
			<u>8,028,971</u>		<u>8,054,601</u>
Current assets					
Stocks		111,205		120,994	
Debtors	5	2,165,721		2,060,171	
Cash at bank and in hand		255,492		133,178	
		<u>2,532,418</u>		<u>2,314,343</u>	
Creditors: amounts falling due within one year	6	<u>(3,412,080)</u>		<u>(3,247,541)</u>	
Net current liabilities			<u>(879,662)</u>		<u>(933,198)</u>
Total assets less current liabilities			<u>7,149,309</u>		<u>7,121,403</u>
Creditors: amounts falling due after more than one year	7		<u>(2,067,703)</u>		<u>(2,278,898)</u>
Net assets attributable to members			<u>5,081,606</u>		<u>4,842,505</u>
Represented by:					
Loans and other debts due to members within one year					
Other amounts			5,081,492		4,842,391
Members' other interests					
Members' capital classified as equity			114		114
			<u>5,081,606</u>		<u>4,842,505</u>
Total members' interests					
Amounts due from members			(2,142,040)		(2,032,990)
Loans and other debts due to members			5,081,492		4,842,391
Members' other interests			114		114
			<u>2,939,566</u>		<u>2,809,515</u>

CASTLE STUART GOLF LLP

BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2019

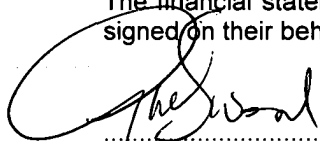
The members of the limited liability partnership have elected not to include a copy of the profit and loss account within the financial statements.

For the financial year ended 31 December 2019 the limited liability partnership was entitled to exemption from audit under section 477 of the Companies Act 2006 (as applied by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) relating to small limited liability partnerships.

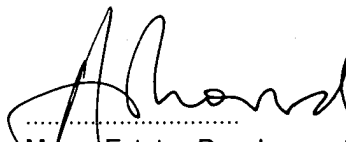
The members acknowledge their responsibilities for complying with the requirements of the Act (as applied to limited liability partnerships) with respect to accounting records and the preparation of accounts.

These financial statements have been prepared in accordance with the provisions applicable to limited liability partnerships subject to the small limited liability partnerships' regime and the provisions applicable to entities subject to the small companies regime.

The financial statements were approved by the members and authorised for issue on 10/12/20 and are signed on their behalf by:



Grant Sword
Designated member



Moray Estates Developments Limited
Designated member

Limited Liability Partnership Registration No. SO300920

CASTLE STUART GOLF LLP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Limited liability partnership information

Castle Stuart Golf LLP (SO300920) is a limited liability partnership domiciled and incorporated in Scotland. The registered office is Kinburn Castle, Doubledykes Road, St Andrews, Fife, KY16 9DR and the business address is Balnaglack Farmhouse, Inverness, IV2 7JL.

1.1 Accounting convention

These financial statements have been prepared in accordance with the Statement of Recommended Practice "Accounting by Limited Liability Partnerships" issued in January 2017, together with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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

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

The limited liability partnership has taken advantage of the exemption under section 398 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the limited liability partnership as an individual entity and not about its group.

1.2 Going concern

Castle Stuart Golf LLP continues to strengthen its presence in the golf and leisure markets in a challenging economic period. Whilst the LLP has made losses to date, the members are confident of future progress in both the provision of golf and associated leisure and hospitality services. The members are presently funding the operations of the LLP through direct member balances and short terms loans, with continued support from the bank in the form of a formal 15 year bank loan facility and shorter term overdraft facility.

The outcome of the ongoing financial forecasts for the financial period to 31 December 2020 are inherently uncertain, particularly in light of recent global events brought on by the coronavirus pandemic. However, at the date of approving these financial statements the designated members are confident that with the ongoing financial support of the members, the LLP's financial milestones will continue to be met. The designated members are satisfied that continued support will be available from the members for a period of at least 12 months from the signing of these financial statements.

In conclusion, the members therefore consider it is appropriate to continue to prepare the financial statements on a going concern basis.

1.3 Turnover

Turnover represents amounts receivable for green fees and related facility provision, merchandise sales and food and beverage sales net of VAT and trade discounts. Turnover is recognised at the point of sale for merchandise, food and beverage sales and when a round of golf has been played for green fees and related facility provision.

Revenue for golf membership is recognised on the first date of the membership period, as no refunds are given on unused membership. Where this is paid in advance, income is deferred until the membership start date.

Turnover also includes the share of profits or losses arising from the investment in Castle Stuart Resort Ownership LLP.

CASTLE STUART GOLF LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.4 Members' participating interests

Members' participation rights are the rights of a member against the LLP that arise under the members' agreement (for example, in respect of amounts subscribed or otherwise contributed, remuneration and profits).

Members' participation rights in the earnings or assets of the LLP are analysed between those that are, from the LLP's perspective, either a financial liability or equity, in accordance with section 22 of FRS 102. A member's participation rights including amounts subscribed or otherwise contributed by members, for example members' capital, are classed as liabilities unless the LLP has an unconditional right to refuse payment to members, in which case they are classified as equity.

All amounts due to members that are classified as liabilities are presented within 'Loans and other debts due to members' and, where such an amount relates to current year profits, they are recognised within 'Members' remuneration charged as an expense' in arriving at the relevant year's result. Undivided amounts that are classified as equity are shown within 'Members' other interests'. Amounts recoverable from members are presented as debtors and shown as amounts due from members within members' interests.

Where there exists an asset and liability component in respect of an individual member's participation rights, they are presented on a gross basis unless the LLP has both a legally enforceable right to set off the recognised amounts, and it intends either to settle on a net basis or to settle and realise these amounts simultaneously, in which case they are presented net.

1.5 Tangible fixed assets

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

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

Golf course development & coursebuilding	- 2%, 5%, 25% and 50% straight line
Clubhouse	- 2% and 10% straight line
Plant and machinery	- 25% reducing balance
Fixtures, fittings & equipment	- 20% and 25% straight line
Assets under construction	- not depreciated
Motor vehicles	- 25% reducing balance
Other assets	- 5% straight line

No depreciation has been charged on the hotel, second course and fractional development costs as the assets are still under construction.

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 recognised in the profit and loss account.

CASTLE STUART GOLF LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.6 Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the limited liability partnership. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Fixed asset investments represent an interest in a limited liability partnership and has been accounted for using the equity method of accounting at cost plus any drawings met on behalf of the partnership and share of profits not drawn from the partnership.

1.7 Impairment of fixed assets

At each reporting end date, the limited liability partnership 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).

1.8 Stocks

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

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 and loss account. Reversals of impairment losses are also recognised in profit and loss account.

1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The limited liability partnership 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 limited liability partnership's balance sheet when the limited liability partnership becomes party to the contractual provisions of the instrument.

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

Basic financial assets

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

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

CASTLE STUART GOLF LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

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 limited liability partnership transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

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 limited liability partnership after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors and bank loans, 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.

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 payables 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 limited liability partnership's obligations expire or are discharged or cancelled.

1.11 Taxation

The taxation payable on the partnership profits is solely the personal liability of the individual members. Consequently neither partnership taxation nor related deferred taxation arising in respect of the partnership are accounted for in these financial statements.

1.12 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.

1.13 Retirement benefits and post retirement payments to members

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

CASTLE STUART GOLF LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.14 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

1.15 Prior year restatement

The prior year accounts have been restated – the effects of which are summarised below:

1. Members' capital classified as equity as at 31 December 2018 has been amended from £117 to £114. This restatement was required to reflect the correct balance per the members' agreement. The amount disclosed in the prior financial statements of £117 was an error. As a result of this transaction, the Unpaid share capital balance included within Debtors due within one year also reduced by £3.

2. Historically, losses attributable to individual members in excess of their base funding plus capital call funding were allocated separately to Other reserves classified as equity within the financial statements. It is now the Members' view that the Partnership Agreement states these losses should be allocated against the respective Members' loan balances rather than being allocated to Other reserves. As a result of this restatement, certain members' balances are now in a debit position. Where this is the case, the full amount due from those members has been included within debtors due within one year. Net assets attributable to members as at 31 December 2018 has therefore increased to £4,842,505 from £2,809,518 as reported in the prior year signed accounts.

2 Employees

The average number of persons (excluding members) employed by the partnership during the year was:

	2019 Number	2018 Number
Sales and Operations	33	30
Administration and Management	9	9
	<u>42</u>	<u>39</u>

CASTLE STUART GOLF LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

3 Tangible fixed assets

	Land and buildings	Plant and machinery etc	Total
	£	£	£
Cost			
At 1 January 2019	9,961,371	1,487,353	11,448,724
Additions	238,615	63,357	301,972
Disposals	-	(32,869)	(32,869)
At 31 December 2019	10,199,986	1,517,841	11,717,827
Depreciation and impairment			
At 1 January 2019	2,415,037	1,057,811	3,472,848
Depreciation charged in the year	222,944	101,344	324,288
Eliminated in respect of disposals	-	(28,659)	(28,659)
At 31 December 2019	2,637,981	1,130,496	3,768,477
Carrying amount			
At 31 December 2019	7,562,005	387,345	7,949,350
At 31 December 2018	7,546,334	429,542	7,975,876

Included within land and buildings are assets under construction with a carrying value of £2,065,534 (2018 - £1,826,919) which have not been depreciated.

4 Fixed asset investments

	2019 £	2018 £
Investments in LLP	79,621	78,725

The Limited Liability Partnership holds an 80% interest in Castle Stuart Resort Ownership LLP, a leisure & hospitality business operated from Balnaglack Farm, Castle Stuart, Inverness.

CASTLE STUART GOLF LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

(Continued)

4 Fixed asset investments

Movements in fixed asset investments

	Interest in LLP £
Cost or valuation	
At 1 January 2019	78,725
Additions	4,481
Share of Loss	(3,585)
At 31 December 2019	79,621
Carrying amount	
At 31 December 2019	79,621
At 31 December 2018	78,725

5 Debtors

	2019 £	2018 as restated £
Amounts falling due within one year:		
Trade debtors	3,663	5,058
Amounts owed by members	2,142,040	2,032,990
Other debtors	13,438	13,349
Prepayments and accrued income	6,580	8,774
	2,165,721	2,060,171

6 Creditors: amounts falling due within one year

	Notes	2019 £	2018 £
Bank loans and overdrafts	8	189,885	178,056
Obligations under finance leases		61,421	66,963
Trade creditors		54,867	122,740
Other taxation and social security		49,567	32,136
Other creditors		3,056,340	2,847,646
		3,412,080	3,247,541

Included within other creditors is a balance due to Highlands & Islands Enterprise of £500,000 (2018 - £500,000) which is subject to a standard security over the LLP's interest in the lease over Balnaglack Farm, Dalcross, Inverness.

Net obligations under finance leases and hire purchase contracts are secured over the assets which the agreements relate to.

CASTLE STUART GOLF LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

7 Creditors: amounts falling due after more than one year

	Notes	2019 £	2018 £
Loans and overdrafts	8	922,380	1,117,865
Obligations under finance leases		114,013	129,723
Other creditors		1,031,310	1,031,310
		<u>2,067,703</u>	<u>2,278,898</u>

Amounts included above which fall due after five years are as follows:

Payable by instalments	162,840	352,725
	<u>162,840</u>	<u>352,725</u>

Net obligations under finance lease and hire purchase contracts are secured over the assets which the agreements relate to.

8 Loans and overdrafts

	2019 £	2018 £
Bank loans	1,112,265	1,295,921
	<u>1,112,265</u>	<u>1,295,921</u>
Payable within one year	189,885	178,056
Payable after one year	922,380	1,117,865
	<u>1,112,265</u>	<u>1,295,921</u>

The bank overdraft and loan are secured by a bond and floating charge over the whole assets of the LLP and a standard security over Phase 1 & 2, Balnaglack Farm, Dalcross, Inverness.

CASTLE STUART GOLF LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

9 Loans and other debts due to members

	2019 £	2018 as restated £
Analysis of loans		
Loans from members	16,166,818	15,482,157
Amounts allocated to members in respect of profit/(losses)	(13,227,366)	(12,672,756)
	<u>2,939,452</u>	<u>2,809,401</u>

Included within loans due to members are loans of £4,648,247 (2018 as restated - £4,361,486) which rank ahead of members' base funding amounts, but which will rank equally with unsecured creditors in the event of a winding up. The priority loans are unsecured and accrue interest at 7.5% above LIBOR base rate. Convertible loans are unsecured and accrue interest at 4% above LIBOR base rate. The base funding from each member is also unsecured, but subordinated to all other amounts due and accrues interest at 3.5%.

Whilst balances due to members do have certain repayment profiles, they are ultimately repayable only to the extent that sufficient available distributable cash is available.

10 Operating lease commitments

Lessee

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

	2019 £	2018 £
Within one year	55,142	55,142
Between two and five years	220,567	220,567
In over five years	2,263,912	2,319,054
	<u>2,539,621</u>	<u>2,594,763</u>

The Limited Liability Partnership rents land under a long term operating lease agreement.

11 Events after the reporting date

As highlighted in note 1.2, the emergence of the coronavirus pandemic has introduced new risks and uncertainties to the business. However, those risks continue to be carefully monitored and action taken wherever possible to mitigate its effect on the business.