

Limited Liability Partnership Registration No. SO300920 (Scotland)

CASTLE STUART GOLF LLP
ANNUAL REPORT AND FINANCIAL
STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER
2021
PAGES FOR FILING WITH REGISTRAR

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
Auditor	Saffery Champness LLP Kintail House Beechwood Park Inverness IV2 3BW
Solicitors	Thorntons LLP Kinburn Castle St Andrews KY16 9DR

CASTLE STUART GOLF LLP

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CASTLE STUART GOLF LLP

BALANCE SHEET

AS AT 31 DECEMBER 2021

		2021		RESTATED 2020	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	3		7,363,925		7,649,124
Investments	4		81,443		80,529
			<u>7,445,368</u>		<u>7,729,653</u>
Current assets					
Stocks		100,205		147,487	
Debtors	5	2,814,781		2,519,839	
Cash at bank and in hand		1,469,891		1,210,733	
		<u>4,384,877</u>		<u>3,878,059</u>	
Creditors: amounts falling due within one year	6	(5,557,551)		(5,505,414)	
Net current liabilities			<u>(1,172,674)</u>		<u>(1,627,355)</u>
Total assets less current liabilities			6,272,694		6,102,298
Creditors: amounts falling due after more than one year	7		(1,184,342)		(1,107,874)
Net assets attributable to members			<u>5,088,352</u>		<u>4,994,424</u>
Represented by:					
Loans and other debts due to members within one year					
Other amounts			5,088,238		4,994,310
Members' other interests					
Members' capital classified as equity			114		114
			<u>5,088,352</u>		<u>4,994,424</u>
Total members' interests					
Amounts due from members			(2,760,340)		(2,474,213)
Loans and other debts due to members			5,088,238		4,994,310
Members' other interests			114		114
			<u>2,328,012</u>		<u>2,520,211</u>

CASTLE STUART GOLF LLP

BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2021

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 23 June 2022 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 2021

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 December 2018, 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 as applicable to entities 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 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 400 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

The Members have prepared the financial statements on the going concern basis. The LLP has recorded a loss in this financial period but had a net assets position at the balance sheet date. Subsequent to the year-end, the Members have continued to consider carefully the risks and uncertainties brought on from the COVID-19 pandemic, and have taken all necessary actions to ensure the safety of their customers and employees, and for the long-term financial stability of the LLP.

Careful cash management has ensured that working capital has remained a priority. Together with cost control measures and government support, the LLP has maintained a strong working capital position, ensuring all liabilities are met as they fall due.

Therefore, the Members consider, after making appropriate enquiries and taking into consideration the economic outlook resulting from COVID-19, that the LLP is well placed to adapt to any future challenges, and will have adequate resources to continue in operation as a going concern for at least 12-months from the approval date of these financial statements. Consequently, the Members consider the going concern basis to remain appropriate.

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 2021

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%, 10%, 20%, 25% and 50% straight line
Clubhouse	- 2% and 10% straight line
Plant and machinery	- 25% reducing balance and 20% straight line
Fixtures, fittings & equipment	- 20%, 25% and 33% 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 2021

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.

CASTLE STUART GOLF LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

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

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.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

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.

CASTLE STUART GOLF LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

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.

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 profit or loss 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 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.

Government grants are recognised in accordance with the accruals model. Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

2 Employees

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

	2021 Number	2020 Number
Sales and Operations	27	22
Administration and Management	9	9
	<hr/>	<hr/>
	36	31
	<hr/>	<hr/>

CASTLE STUART GOLF LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

3 Tangible fixed assets

	Land and buildings	Plant and machinery etc	Total
	£	£	£
Cost			
At 1 January 2021	10,198,861	1,520,904	11,719,765
Additions	10,006	5,715	15,721
Disposals	-	(122,038)	(122,038)
At 31 December 2021	10,208,867	1,404,581	11,613,448
Depreciation and impairment			
At 1 January 2021	2,863,351	1,207,290	4,070,641
Depreciation charged in the year	221,591	62,382	283,973
Eliminated in respect of disposals	-	(105,091)	(105,091)
At 31 December 2021	3,084,942	1,164,581	4,249,523
Carrying amount			
At 31 December 2021	7,123,925	240,000	7,363,925
At 31 December 2020	7,335,510	313,614	7,649,124

Included within land and buildings are assets under construction with a carrying value of £2,064,769 (2020 - £2,064,409) which have not been depreciated.

4 Fixed asset investments

	2021 £	2020 £
Investments	81,443	80,529

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 2021

(Continued)

4 Fixed asset investments

Movements in fixed asset investments

	Interest in LLP £
Cost or valuation	
At 1 January 2021	80,529
Additions	4,571
Impairment	(3,657)
	<hr/>
At 31 December 2021	81,443
	<hr/>
Carrying amount	
At 31 December 2021	81,443
	<hr/>
At 31 December 2020	80,529
	<hr/>

5 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	818	(98)
Amounts owed by members	2,760,340	2,474,213
Other debtors	53,623	45,724
	<hr/>	<hr/>
	2,814,781	2,519,839
	<hr/>	<hr/>

6 Creditors: amounts falling due within one year

	2021 £	RESTATED 2020 £
Bank loans	1,919,459	2,070,000
Trade creditors	70,949	34,511
Taxation and social security	35,318	35,326
Other creditors	3,531,825	3,365,577
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	5,557,551	5,505,414
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CASTLE STUART GOLF LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

6 Creditors: amounts falling due within one year

(Continued)

Net obligations under finance leases and hire purchase contracts totalling £44,761 (2020 - £62,077) are secured over the assets which the agreements relate to.

As at 31 December 2020 and 31 December 2021 the LLP was in breach of its EBITDA to Debt Service covenant related to its bank loan. Subsequent to each year end, a waiver of this breach was received from the bank, who have confirmed that no action will be taken in relation to the covenant breach for the periods until 31 December 2021 and 31 December 2022 respectively, and that the loan will not be called for repayment within that period.

However, FRS 102 requires that where there are technical breaches of covenants for which waivers are only received subsequent to the year end, then the related borrowings shall be reclassified as current liabilities at the balance sheet date. Accordingly the 2020 balance sheet has been restated to reclassify £1,972,992 of bank loans as current liabilities at 31 December 2020. The bank loan of £1,919,459 at 31 December 2021 has also been classified as current liabilities at that date. As confirmed in the waiver, these breaches will not impact on the repayment profile of the debt.

7 Creditors: amounts falling due after more than one year

	2021	RESTATED 2020
	£	£
Other creditors	1,184,342	1,107,874

Included within other creditors is a balance due to Highlands & Islands Enterprise of £500,000 (2020 - £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 lease and hire purchase contracts totalling £21,152 (2020 - £68,173) are secured over the assets which the agreements relate to.

Bank loans have been reclassified as current liabilities as explained in note 7.

Amounts included above, and in note 7, which fall due after five years are as follows:

Payable by instalments	1,701,996	1,452,142
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CASTLE STUART GOLF LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

8 Loans and overdrafts

	2021 £	2020 £
Bank loans	1,919,459	2,070,000
Payable within one year	1,919,459	2,070,000
	1,919,459	2,070,000

The bank loans 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.

9 Loans and other debts due to members

	2021 £	2020 £
Analysis of loans		
Loans from members	17,543,957	16,781,153
Amounts allocated to members in respect of profits / (losses)	(15,216,059)	(14,261,056)
	2,327,898	2,520,097

Included within loans due to members are loans of £5,270,078 (2020 - £4,863,957) 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, as follows:

	2021 £	2020 £
Within one year	72,666	55,142
Between two and five years	271,589	220,567
In over five years	2,363,664	2,208,771
	2,707,919	2,484,480

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

CASTLE STUART GOLF LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

11 Related party transactions

The following amounts were outstanding at the reporting end date:

	2021	2020
Amounts due to related parties	£	£
Key management personnel	1,796,241	1,781,132

Included within Creditors are loans due to Members that are unsecured, interest free and that have no fixed terms of repayment.

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