

CASTLE STUART GOLF LLP
ANNUAL REPORT AND UNAUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31
DECEMBER 2020
PAGES FOR FILING WITH REGISTRAR



CASTLE STUART GOLF LLP

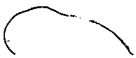
LIMITED LIABILITY PARTNERSHIP INFORMATION

| | |
|---|---|
| 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 |
| Accountants | Johnston Carmichael LLP Clava House Cradlehall Business Park INVERNESS IV2 5GH |
| Solicitors | Thorntons LLP 17-21 Bell Street ST ANDREWS KY16 9UR |

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CASTLE STUART GOLF LLP

BALANCE SHEET

AS AT 31 DECEMBER 2020

| | Notes | 2020 £ | £ | 2019 £ | £ |
|--|-------|------------------|---|------------------|---|
| Fixed assets | | | | | |
| Tangible assets | 3 | 7,649,124 | | 7,949,350 | |
| Investments | 4 | 80,529 | | 79,621 | |
| | | <u>7,729,653</u> | | <u>8,028,971</u> | |
| Current assets | | | | | |
| Stocks | | 147,487 | | 111,205 | |
| Debtors | 5 | 2,519,839 | | 2,165,721 | |
| Cash at bank and in hand | | 1,210,733 | | 255,492 | |
| | | <u>3,878,059</u> | | <u>2,532,418</u> | |
| Creditors: amounts falling due within one year | 6 | (3,532,422) | | (3,412,080) | |
| Net current assets/(liabilities) | | <u>345,637</u> | | <u>(879,662)</u> | |
| Total assets less current liabilities | | <u>8,075,290</u> | | <u>7,149,309</u> | |
| Creditors: amounts falling due after more than one year | 7 | (3,080,866) | | (2,067,703) | |
| Net assets attributable to members | | <u>4,994,424</u> | | <u>5,081,606</u> | |
| Represented by: | | | | | |
| Loans and other debts due to members within one year | | | | | |
| Other amounts | | 4,994,310 | | 5,081,492 | |
| Members' other interests | | | | | |
| Members' capital classified as equity | | 114 | | 114 | |
| | | <u>4,994,424</u> | | <u>5,081,606</u> | |
| Total members' interests | | | | | |
| Amounts due from members | | (2,474,213) | | (2,142,040) | |
| Loans and other debts due to members | | 4,994,310 | | 5,081,492 | |
| Members' other interests | | 114 | | 114 | |
| | | <u>2,520,211</u> | | <u>2,939,566</u> | |

CASTLE STUART GOLF LLP

BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2020

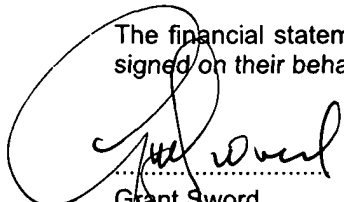
The members of the limited liability partnership have elected not to include a copy of the profit and loss account within the financial statements.

For the financial year ended 31 December 2020 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 29/09/2021 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 2020

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

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 2020

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 2020

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 2020

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 2020

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 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 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:

| | 2020 Number | 2019 Number |
|-------------------------------|----------------|----------------|
| Sales and Operations | 22 | 33 |
| Administration and Management | 9 | 9 |
| | <u>31</u> | <u>42</u> |

CASTLE STUART GOLF LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

3 Tangible fixed assets

| | Land and buildings | Plant and machinery etc | Total |
|------------------------------------|-----------------------|-------------------------------|------------|
| | £ | £ | £ |
| Cost | | | |
| At 1 January 2020 | 10,199,986 | 1,517,841 | 11,717,827 |
| Additions | 1,375 | 7,063 | 8,438 |
| Disposals | (2,500) | (4,000) | (6,500) |
| At 31 December 2020 | 10,198,861 | 1,520,904 | 11,719,765 |
| Depreciation and impairment | | | |
| At 1 January 2020 | 2,637,981 | 1,130,496 | 3,768,477 |
| Depreciation charged in the year | 225,370 | 80,201 | 305,571 |
| Eliminated in respect of disposals | - | (3,407) | (3,407) |
| At 31 December 2020 | 2,863,351 | 1,207,290 | 4,070,641 |
| Carrying amount | | | |
| At 31 December 2020 | 7,335,510 | 313,614 | 7,649,124 |
| At 31 December 2019 | 7,562,005 | 387,345 | 7,949,350 |

Included within land and buildings are assets under construction with a carrying value of £2,064,409 (2019 - £2,065,534) which have not been depreciated.

4 Fixed asset investments

| | 2020 £ | 2019 £ |
|--------------------|-----------|-----------|
| Investments in LLP | 80,529 | 79,621 |

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 2020

(Continued)

4 Fixed asset investments

Movements in fixed asset investments

| | Interest in LLP £ |
|--------------------------|----------------------|
| Cost or valuation | |
| At 1 January 2020 | 79,621 |
| Additions | 4,541 |
| Share of Loss | (3,633) |
| | <hr/> |
| At 31 December 2020 | 80,529 |
| | <hr/> |
| Carrying amount | |
| At 31 December 2020 | 80,529 |
| | <hr/> |
| At 31 December 2019 | 79,621 |
| | <hr/> |

5 Debtors

| | 2020 £ | 2019 £ |
|---|-----------|-----------|
| Amounts falling due within one year: | | |
| Trade debtors | (98) | 3,663 |
| Amounts owed by members | 2,474,213 | 2,142,040 |
| Other debtors | 11,398 | 13,438 |
| Prepayments and accrued income | 34,326 | 6,580 |
| | <hr/> | <hr/> |
| | 2,519,839 | 2,165,721 |
| | <hr/> | <hr/> |

6 Creditors: amounts falling due within one year

| | Notes | 2020 £ | 2019 £ |
|------------------------------------|-------|-----------|-----------|
| Bank loans | 8 | 97,008 | 189,885 |
| Obligations under finance leases | | 62,077 | 61,421 |
| Trade creditors | | 34,511 | 54,867 |
| Other taxation and social security | | 35,326 | 49,567 |
| Other creditors | | 3,303,500 | 3,056,340 |
| | | <hr/> | <hr/> |
| | | 3,532,422 | 3,412,080 |
| | | <hr/> | <hr/> |

Included within other creditors is a balance due to Highlands & Islands Enterprise of £500,000 (2019 - £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 2020

7 Creditors: amounts falling due after more than one year

| | Notes | 2020 £ | 2019 £ |
|----------------------------------|-------|------------------|------------------|
| Loans | 8 | 1,972,992 | 922,380 |
| Obligations under finance leases | | 68,173 | 114,013 |
| Other creditors | | 1,039,701 | 1,031,310 |
| | | <u>3,080,866</u> | <u>2,067,703</u> |

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

| | | |
|------------------------|------------------|----------------|
| Payable by instalments | 1,452,142 | 162,840 |
| | <u>1,452,142</u> | <u>162,840</u> |

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

8 Loans and overdrafts

| | 2020 £ | 2019 £ |
|-------------------------|------------------|------------------|
| Bank loans | 2,070,000 | 1,112,265 |
| | <u>2,070,000</u> | <u>1,112,265</u> |
| Payable within one year | 97,008 | 189,885 |
| Payable after one year | 1,972,992 | 922,380 |
| | <u>2,070,000</u> | <u>1,112,265</u> |

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.

CASTLE STUART GOLF LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

9 Loans and other debts due to members

| | 2020 £ | 2019 £ |
|---|------------------|------------------|
| Analysis of loans | | |
| Loans from members | 16,781,153 | 16,166,818 |
| Amounts allocated to members in respect of profits / (losses) | (14,261,056) | (13,227,366) |
| | <u>2,520,097</u> | <u>2,939,452</u> |

Included within loans due to members are loans of £4,863,957 (2019 - £4,648,247) 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:

| | 2020 £ | 2019 £ |
|----------------------------|------------------|------------------|
| Within one year | 55,142 | 55,142 |
| Between two and five years | 220,567 | 220,567 |
| In over five years | 2,208,771 | 2,263,912 |
| | <u>2,484,480</u> | <u>2,539,621</u> |

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

11 Events after the reporting date

Post year end, the Members continue to carefully monitor the risks and uncertainties arising from the COVID-19 pandemic and believe that the LLP is well placed to take action, should this be required, to mitigate the effects of any issues that may arise.