

Company Registration No. 01048050 (England and Wales)

**BALNAGOWN CASTLE PROPERTIES
LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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BALNAGOWN CASTLE PROPERTIES LIMITED

COMPANY INFORMATION

Directors	O A Fayed J Henson
Secretary	A Morgan
Company number	01048050
Registered office	55 Park Lane London W1K 1NA
Auditor	Johnston Carmichael LLP Clava House Cradlehall Business Park INVERNESS IV2 5GH

BALNAGOWN CASTLE PROPERTIES LIMITED

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BALNAGOWN CASTLE PROPERTIES LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Tangible assets	4	334,273		368,549	
Biological assets	6	790,530		854,897	
		<u>1,124,803</u>		<u>1,223,446</u>	
Current assets					
Stocks		46,946		32,645	
Debtors	5	2,064,247		2,797,415	
Cash at bank and in hand		186,778		126,166	
		<u>2,297,971</u>		<u>2,956,226</u>	
Creditors: amounts falling due within one year	7	<u>(8,472,963)</u>		<u>(8,875,621)</u>	
Net current liabilities		<u>(6,174,992)</u>		<u>(5,919,395)</u>	
Total assets less current liabilities		<u>(5,050,189)</u>		<u>(4,695,949)</u>	
Creditors: amounts falling due after more than one year	8	<u>(593,463)</u>		<u>(650,665)</u>	
Net liabilities		<u><u>(5,643,652)</u></u>		<u><u>(5,346,614)</u></u>	
Capital and reserves					
Called up share capital	10	100		100	
Profit and loss reserves		<u>(5,643,752)</u>		<u>(5,346,714)</u>	
Total equity		<u><u>(5,643,652)</u></u>		<u><u>(5,346,614)</u></u>	

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered 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 21 SEPTEMBER 2018 and are signed on its behalf by:


J Henson
Director

Company Registration No. 01048050

BALNAGOWN CASTLE PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

Company information

Balnagown Castle Properties Limited is a private company limited by shares incorporated in England and Wales. The registered office is 55 Park Lane, London, W1K 1NA and the business address is Balnagown Estates, Kildary, IV18 ONU.

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.

1.2 Going concern

At 31 December 2017 the amount due to parent and fellow subsidiary companies is £7,900,703 (2016 - £8,408,753). The company has received written confirmation from relevant group companies that no demand will be made for repayment of these loans in the foreseeable future and that these entities will continue to support the company by ensuring appropriate funding is available to finance the working capital requirements of the company for at least twelve months following the date of signing of these financial statements. No cross corporate guarantees are in place which create a liability on the company for any group debt outstanding.

Whilst the directors continue to consider the future trading prospects of the company, the financial statements have been prepared on the going concern basis as they consider that the company will continue to be provided with sufficient funding to meet any liabilities as they fall due.

1.3 Turnover

Turnover comprises income from holiday lets, sporting rents, a wind turbine and farming activities, recognised at the fair value of the consideration received or recoverable for goods and services in the normal course of business and is shown net of VAT and trade discounts.

Lettings and rental income are recognised on an accruals basis. Income from wind turbines are recognised on an accruals basis where it is capable of being reliably measured. Where no reliable estimate is possible income is recognised on a receipts basis. Farming income, including sales of crops, are recognised when the title of the goods are transferred to the buyer.

BALNAGOWN CASTLE PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

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 of assets less their residual values over their useful lives on the following bases:

Plant and machinery	15% straight line
Fixtures, fittings & equipment	15% straight line
Motor vehicles	25% straight line
Wind turbines	5% 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).

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

1.7 Biological Assets

The company maintains native woodlands that are included as biological assets within fixed assets.

Biological assets are stated at cost less any accumulated depreciation and any accumulated impairment losses. Cost comprises direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the assets to their present location and condition. Depreciation is recognised on biological fixed assets over the scheme term of 15 years following the completion of each site.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of biological assets over their estimated selling price less costs to complete and sell is recognised as an impairment loss in the profit and loss account. Reversals of impairment losses are also recognised in the profit and loss account.

1.8 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.

BALNAGOWN CASTLE PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

1.9 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.

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.

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.

Basic financial liabilities

Basic financial liabilities, including creditors and loans from fellow group companies, 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.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

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.

1.12 Retirement benefits

The company makes payments into personal pension plans on behalf of certain employees. Contributions are charged to the profit and loss account as they become due.

BALNAGOWN CASTLE PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

1.13 Leases

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.

1.14 Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

1.15 Website development costs

Website development expenditure is written off to the profit and loss account unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In the situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit. Expenditure is valued at cost less accumulated amortisation. The costs were written down over 4 years and are now fully amortised.

2 Employees

The average monthly number of persons (including directors, who are not remunerated) employed by the company during the year was 16 (2016 - 18).

3 Intangible fixed assets

	Development costs £
Cost	
At 1 January 2017 and 31 December 2017	19,708
	—
Amortisation and impairment	
At 1 January 2017 and 31 December 2017	19,708
	—
Carrying amount	
At 31 December 2017	-
	—
At 31 December 2016	-
	—

BALNAGOWN CASTLE PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

4 Tangible fixed assets

	Plant and machinery etc £
Cost	
At 1 January 2017	1,211,580
Additions	31,214
	<hr/>
At 31 December 2017	1,242,794
	<hr/>
Depreciation and impairment	
At 1 January 2017	778,664
Depreciation charged in the year	65,490
	<hr/>
At 31 December 2017	844,154
	<hr/>
Carrying amount	
At 31 December 2017	398,640
	<hr/>
At 31 December 2016	432,916
	<hr/>

5 Debtors

	2017 £	2016 £
Amounts falling due within one year:		
Trade debtors	181,107	64,376
Other debtors	1,883,140	2,733,039
	<hr/>	<hr/>
	2,064,247	2,797,415
	<hr/>	<hr/>

BALNAGOWN CASTLE PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

6 Biological assets

	Total £
Cost	
At 1 January 2016	965,505
Purchases	-
	<u>968,855</u>
At 31 December 2017	<u>968,855</u>
Depreciation	
At 1 January 2016	174,975
Depreciation charged in the year	64,367
	<u>239,342</u>
At 31 December 2017	<u>239,342</u>
Carrying Amount	
At 31 December 2017	726,163
	<u>790,530</u>
At 31 December 2016	<u>790,530</u>
	<u>Total £</u>
Carrying Amount at 31 December 2017 classified as:	
Fixed assets	726,163
	<u>726,163</u>
	<u>Total £</u>
Carrying Amount at 31 December 2016 classified as:	
Fixed assets	790,530
	<u>790,530</u>

7 Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	318,375	244,375
Amounts due to group undertakings	7,900,703	8,408,753
Other taxation and social security	4,476	8,322
Other creditors	249,409	214,171
	<u>8,472,963</u>	<u>8,875,621</u>
	<u>8,472,963</u>	<u>8,875,621</u>

BALNAGOWN CASTLE PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

8 Creditors: amounts falling due after more than one year

	2017 £	2016 £
Other creditors	593,463	650,665
	<u>593,463</u>	<u>650,665</u>

9 Government grants

Deferred income is included in the financial statements as follows:

	2017 £	2016 £
Current liabilities	57,473	57,743
Non-current liabilities	593,463	650,665
	<u>650,936</u>	<u>708,408</u>

10 Called up share capital

	2017 £	2016 £
Ordinary share capital Issued and fully paid		
100 Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

11 Audit report information

As the income statement has been omitted from the filing copy of the financial statements the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.
The senior statutory auditor was Jamie Waugh.
The auditor was Johnston Carmichael LLP.

12 Operating lease commitments

Lessor

At the reporting end date the company had contracted with tenants for the following minimum lease payments:

	2017 £	2016 £
	129,500	166,500
	<u>129,500</u>	<u>166,500</u>

BALNAGOWN CASTLE PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

13 Related party transactions

Transactions with related parties

Interest of £117,737 (2016 - £112,666) was charged on the loans due to entities with control, joint control or significant influence over the company.

The following amounts were outstanding at the reporting end date:

	2017 £	2016 £
Amounts owed to related parties		
Entities with control, joint control or significant influence over the company	3,090,205	3,052,035
Other related parties	4,810,498	5,356,718
	<u>7,900,703</u>	<u>8,408,753</u>

The following amounts were outstanding at the reporting end date:

	2017 Balance £
Amounts owed by related parties	
Entities with control, joint control or significant influence over the company	1,706,631
	<u>1,706,631</u>
	2016 Balance £
Amounts owed in previous period	
Entities with control, joint control or significant influence over the company	1,898,496
Other related parties	632,832
	<u>2,531,328</u>

No guarantees have been given or received.

Other related parties include fellow subsidiary undertakings of the company.

14 Parent company

The immediate parent company is Bocardo SA, a company incorporated in Liechtenstein. The ultimate parent company is Ocarina Trustee AG, as Trustee Of The Ocarina Settlement, registered in Liechtenstein, which is held in trust for the benefit of the Al Fayed family.