

Buccleuch Recreational Enterprises Limited
Unaudited Financial Statements
31 October 2019



Buccleuch Recreational Enterprises Limited

Financial Statements

Year ended 31 October 2019

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Buccleuch Recreational Enterprises Limited

Officers and Professional Advisers

The board of directors	The 10th Duke of Buccleuch & 12th Duke of Queensberry KBE DL The Duchess of Buccleuch J R K Glen (Resigned 1 March 2019) Charles Scott B Higgins (Appointed 1 December 2019)
Company secretary	M J McGrath
Registered office	Estate Office Weekley Kettering Northamptonshire NN16 9UP
Bankers	The Royal Bank of Scotland plc 36 St Andrew Square Edinburgh EH2 2YB
Solicitors	Anderson Strathern 1 Rutland Court Edinburgh EH3 8EY

Buccleuch Recreational Enterprises Limited

Directors' Report

Year ended 31 October 2019

The directors present their report and the unaudited financial statements of the company for the year ended 31 October 2019.

Directors

The directors who served the company during the year were as follows:

The 10th Duke of Buccleuch & 12th Duke of Queensberry KBE DL

The Duchess of Buccleuch

Charles Scott

J R K Glen

(Resigned 1 March 2019)

Events after the end of the reporting period

Following the recent outbreak of COVID-19 virus, which is a non-adjusting post balance sheet event, the Company is reacting to the current crisis as you would expect, following recommended Government guidance. This is a daily evolving picture and an estimate of the financial effect on the company is impossible at this stage.

Directors' responsibilities statement

The directors are responsible for preparing the Directors' 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, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland. 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 and 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption. This report was approved by the board of directors on 30 September 2020 and signed on behalf of the board by:



B Higgins
Director

Buccleuch Recreational Enterprises Limited

Statement of Comprehensive Income

Year ended 31 October 2019

	Note	2019 £	2018 £
Turnover		1,707,146	1,398,825
Cost of sales		(1,629,871)	(1,872,820)
Gross profit/(loss)		77,275	(473,995)
Administrative expenses		(641,576)	(746,978)
Gain on disposal of fixed assets		(12,826)	14,573
Operating loss		(577,127)	(1,206,400)
Other interest receivable and similar income		—	149
Amounts written off investments		(189,437)	(1,447,261)
Loss before taxation	4	(766,564)	(2,653,512)
Tax on loss		—	—
Loss for the financial year and total comprehensive income		(766,564)	(2,653,512)

All the activities of the company are from continuing operations.

The company has no other recognised items of income and expenses other than the results for the year as set out above.

The notes on pages 7 to 13 form part of these financial statements.

Buccleuch Recreational Enterprises Limited

Statement of Financial Position

31 October 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	6	1,580,491	1,726,726
Investments	7	1,363,402	1,302,839
		<u>2,943,893</u>	<u>3,029,565</u>
Current assets			
Stocks		203,003	52,724
Debtors	8	330,124	227,270
		<u>533,127</u>	<u>279,994</u>
Creditors: amounts falling due within one year	9	<u>(824,137)</u>	<u>(1,290,112)</u>
Net current liabilities		<u>(291,010)</u>	<u>(1,010,118)</u>
Total assets less current liabilities		<u>2,652,883</u>	<u>2,019,447</u>
Net assets		<u>2,652,883</u>	<u>2,019,447</u>
Capital and reserves			
Called up share capital		16,900,000	15,500,000
Profit and loss account		<u>(14,247,117)</u>	<u>(13,480,553)</u>
Shareholders funds		<u>2,652,883</u>	<u>2,019,447</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

For the year ending 31 October 2019 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476;
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

The statement of financial position
continues on the following page.
The notes on pages 7 to 13 form part of these financial statements.

Buccleuch Recreational Enterprises Limited

Statement of Financial Position *(continued)*

31 October 2019

These financial statements were approved by the board of directors and authorised for issue on 30 September 2020, and are signed on behalf of the board by:

A handwritten signature in black ink, appearing to read 'B Higgins', is positioned above the printed name and title.

B Higgins
Director

Company registration number: 01255185

The notes on pages 7 to 13 form part of these financial statements.

Buccleuch Recreational Enterprises Limited

Statement of Changes in Equity

Year ended 31 October 2019

	Called up share capital £	Profit and loss account £	Total £
At 1 November 2017	13,500,000	(10,827,041)	2,672,959
Loss for the year		(2,653,512)	(2,653,512)
Total comprehensive income for the year	–	(2,653,512)	(2,653,512)
Issue of shares	2,000,000	–	2,000,000
Total investments by and distributions to owners	2,000,000	–	2,000,000
At 31 October 2018	15,500,000	(13,480,553)	2,019,447
Loss for the year		(766,564)	(766,564)
Total comprehensive income for the year	–	(766,564)	(766,564)
Issue of shares	1,400,000	–	1,400,000
Total investments by and distributions to owners	1,400,000	–	1,400,000
At 31 October 2019	16,900,000	(14,247,117)	2,652,883

The notes on pages 7 to 13 form part of these financial statements.

Buccleuch Recreational Enterprises Limited

Notes to the Financial Statements

Year ended 31 October 2019

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Estate Office, Weekley, Kettering, Northamptonshire, NN16 9UP.

2. Statement of compliance

These financial statements have been prepared in compliance with Section 1A of FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

The financial statements have been prepared on the going concern basis, which assumes that the company will have sufficient working capital facilities to enable it to continue in business for the foreseeable future. In arriving at their conclusion the directors have considered the company's net assets position, support from its ultimate parent entity, The MDS Estates Limited, normal working capital obligations, the impact of Covid-19 and ability to meet future liabilities as they fall due over the next 12 months.

Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of The MDS Estates Limited which can be obtained from the company secretary, at The Estate Office, Weekley, Kettering, Northamptonshire, NN16 9UP. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) Disclosures in respect of share-based payments have not been presented.
- (e) No disclosure has been given for the aggregate remuneration of key management personnel.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Buccleuch Recreational Enterprises Limited

Notes to the Financial Statements *(continued)*

Year ended 31 October 2019

3. Accounting policies *(continued)*

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

Intangible assets acquired as part of a business combination are recorded at the fair value at the acquisition date.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Intangible assets	-	initially recorded at cost and amortised over their useful lives
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If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Plant and machinery	-	20% straight line
Fixtures and fittings	-	20% straight line
Motor vehicles	-	20% straight line
Capital improvements	-	10 to 25 years

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Buccleuch Recreational Enterprises Limited

Notes to the Financial Statements *(continued)*

Year ended 31 October 2019

3. Accounting policies *(continued)*

Investments *(continued)*

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

Investments in associates

Investments in associates accounted for in accordance with the cost model are recorded at cost less any accumulated impairment losses.

Investments in associates accounted for in accordance with the fair value model are initially recorded at the transaction price. At each reporting date, the investments are measured at fair value, with changes in fair value recognised in other comprehensive income/profit or loss. Where it is impracticable to measure fair value reliably without undue cost or effort, the cost model will be adopted.

Dividends and other distributions received from the investment are recognised as income without regard to whether the distributions are from accumulated profits of the associate arising before or after the date of acquisition.

Investments in joint ventures

Investments in jointly controlled entities accounted for in accordance with the cost model are recorded at cost less any accumulated impairment losses.

Investments in jointly controlled entities accounted for in accordance with the fair value model are initially recorded at the transaction price. At each reporting date, the investments are measured at fair value, with changes in fair value recognised in other comprehensive income/profit or loss. Where it is impracticable to measure fair value reliably without undue cost or effort, the cost model will be adopted.

Dividends and other distributions received from the investment are recognised as income without regard to whether the distributions are from accumulated profits of the joint venture arising before or after the date of acquisition.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Buccleuch Recreational Enterprises Limited

Notes to the Financial Statements *(continued)*

Year ended 31 October 2019

3. Accounting policies *(continued)*

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Financial instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

4. Profit before taxation

Profit before taxation is stated after charging:

	2019 £	2018 £
Depreciation of tangible assets	116,509	128,239
Impairment of other fixed asset investments	<u>189,437</u>	<u>1,447,261</u>

Buccleuch Recreational Enterprises Limited

Notes to the Financial Statements *(continued)*

Year ended 31 October 2019

5. Intangible assets

	Intangible assets £
Cost	
At 1 November 2018 and 31 October 2019	<u>20,000</u>
Amortisation	
At 1 November 2018 and 31 October 2019	<u>20,000</u>
Carrying amount	
At 31 October 2019	<u>–</u>
At 31 October 2018	<u>–</u>

6. Tangible assets

	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Capital Improvements £	Total £
Cost						
At 1 Nov 2018	1,374,471	38,712	729,888	207,974	136,987	2,488,032
Additions	165,221	–	9,214	–	31,456	205,891
Disposals	–	–	(13,250)	(20,140)	–	(33,390)
Transfers	(151,031)	(8,392)	(18,629)	(72,349)	–	(250,401)
At 31 Oct 2019	<u>1,388,661</u>	<u>30,320</u>	<u>707,223</u>	<u>115,485</u>	<u>168,443</u>	<u>2,410,132</u>
Depreciation						
At 1 Nov 2018	53,399	32,222	431,962	135,303	108,420	761,306
Charge for the year	30,437	2,088	71,656	4,873	7,455	116,509
Disposals	–	–	–	(17,500)	–	(17,500)
Transfers	(2,435)	(6,783)	(8,848)	(12,608)	–	(30,674)
At 31 Oct 2019	<u>81,401</u>	<u>27,527</u>	<u>494,770</u>	<u>110,068</u>	<u>115,875</u>	<u>829,641</u>
Carrying amount						
At 31 Oct 2019	<u>1,307,260</u>	<u>2,793</u>	<u>212,453</u>	<u>5,417</u>	<u>52,568</u>	<u>1,580,491</u>
At 31 Oct 2018	<u>1,321,072</u>	<u>6,490</u>	<u>297,926</u>	<u>72,671</u>	<u>28,567</u>	<u>1,726,726</u>

Buccleuch Recreational Enterprises Limited

Notes to the Financial Statements *(continued)*

Year ended 31 October 2019

7. Investments

	Shares in group undertakings £
Cost	
At 1 November 2018	2,750,100
Additions	250,000
At 31 October 2019	3,000,100
Impairment	
At 1 November 2018	1,447,261
Revaluations	189,437
At 31 October 2019	1,636,698
Carrying amount	
At 31 October 2019	1,363,402
At 31 October 2018	1,302,839

8. Debtors

	2019 £	2018 £
Trade debtors	144,978	42,822
Amounts owed by group undertakings and undertakings in which the company has a participating interest	74,413	87,604
Other debtors	110,733	96,844
	330,124	227,270

9. Creditors: amounts falling due within one year

	2019 £	2018 £
Bank loans and overdrafts	343,512	978,693
Trade creditors	138,964	130,831
Amounts owed to group undertakings and undertakings in which the company has a participating interest	146,535	31,206
Social security and other taxes	43,271	29,980
Other creditors	151,855	119,402
	824,137	1,290,112

10. Contingencies

The directors have signed an unlimited inter company guarantee in favour of the group's bankers in respect of the group's global overdraft and debt facility. The company had a total contingent liability at 31 October 2019 of £44,106,011 (2018 - £62,260,033)

Buccleuch Recreational Enterprises Limited

Notes to the Financial Statements *(continued)*

Year ended 31 October 2019

11. Controlling party

The company's immediate parent undertaking is Buccleuch Holdings Limited, a company registered in England. The company's ultimate parent undertaking and controlling entity is The MDS Estates Limited, a company registered in England. The smallest and largest group of companies which prepares consolidated accounts which this company is included in is The MDS Estates Limited. Consolidated accounts can be obtained from the company secretary, at The Estate Office, Weekley, Kettering, Northamptonshire, NN16 9UP.

12. Post balance sheet events

Following the recent outbreak of COVID-19 virus, the Company is reacting to the current crisis as you would expect, by following the recommended Government guidance. The directors consider this to be a non-adjusting post balance sheet event. This is a daily evolving picture and a specific estimate of the financial effect on the company is impossible at this stage. The directors do not consider there to be any indications of impairment which would result in an impairment of the assets on the company's balance sheet in future financial periods.