

**GATEWAY HOLYROOD EDINBURGH LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2022**



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**GATEWAY HOLYROOD EDINBURGH LIMITED**

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**COMPANY INFORMATION**

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<b>Director</b>	M Goddard
<b>Registered number</b>	06030293
<b>Registered office</b>	3 St. James's Square London SW1Y 4JU
<b>Business address</b>	The Holyrood Hotel 81 Holyrood Road Edinburgh United Kingdom EH8 8AU
<b>Independent auditors</b>	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG

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**GATEWAY HOLYROOD EDINBURGH LIMITED**

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**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**Introduction**

The Director presents the strategic report together with the audited financial statements for the year ended 31 December 2022.

**Business review and key performance indicators**

The company seeks to maximise its revenues and optimise its profit conversion through the active management of average daily rates and monitoring the costs associated with each revenue stream.

A summary of the key financial and other performance indicators during the year are as follows:

Turnover: £6,454,951 (2021: £3,859,820)

Operating profit: £796,581 (2021: £249,808)

Profit before tax: £487,386 (2021: £576,023)

Shareholder's funds: £9,705,616 (2021: £9,226,140)

As the prime measure of our economic output, revenue growth is key to measuring shareholder return and the success of our expansion and repositioning strategies.

Operating profit is the prime indicator used to measure the performance year on year of the hotel.

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**Principal risks and uncertainties**

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk, liquidity risk and price risk. The use of financial derivatives to manage risks is subject to Board approval and no financial derivatives are used for speculative purposes.

Competitive risks

Hotels are generally location driven and there are no new hotels planned within the immediate vicinity of the Company's hotel affect hotel profitability. Management review the hotel against a selected group of competitor hotel. These reports allow the Company to compare accommodation occupancy percentage, average rate and revenue per available room against the competitive group.

Currency risk

The hotel business is affected by the strength of sterling, with a strong sterling adversely impacting the effective rates to international guests.

Credit risk

The Company's principal financial assets are bank balances and cash, trade and other receivables. The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful debts. An allowance for impairment is made where there is an identified loss event which, based upon previous experience is considered to be irrecoverable.

Economic environment

The Company operates in a competitive environment influenced by the UK economy. Adverse economic and financial market developments could lead to lower revenues and higher costs. Experience shows a recession lessens both leisure and business travel.

Other risks

Other risks facing the hotel industry are include ones that reduce or prevent travel. The continuing threat of terrorism, the Covid pandemic and the economic uncertainty can impact hotel performance. The reliance of hotels on economic growth as well as consumer confidence also plays a role.

This report was approved by the board on 20 September 2023 and signed on its behalf.



**M Goddard**  
Director

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## **GATEWAY HOLYROOD EDINBURGH LIMITED**

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### **DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2022**

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The director presents his report and the financial statements for the year ended 31 December 2022.

#### **Principal activity**

The principal activity of Gateway Holyrood Edinburgh Limited (change from Macdonald Holyrood Limited on 30 November 2021) continued to be that of the operation of the hotel.

#### **Director**

The director who served during the year was:

M Goddard

#### **Auditors**

The auditors, Haysmacintyre LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

#### **Director's responsibilities statement**

The director is responsible for preparing the Strategic Report, the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the director is required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments 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 director is 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 to enable him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £479,476 (2021 - £602,991).

**DIRECTOR'S REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**Future developments**

The company will continue to operate the hotel which is in the process of being refurbished and and rebranded.

**Disclosure of information to auditors**

The director at the time when this Director's Report is approved has confirmed that:

- so far as is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Post balance sheet events**

There have been no significant events affecting the Company since the year end.

This report was approved by the board on 20 September 2023 and signed on its behalf.



**M Goddard**  
Director

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GATEWAY HOLYROOD EDINBURGH LIMITED**

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**Opinion**

We have audited the financial statements of Gateway Holyrood Edinburgh Limited (the 'Company') for the year ended 31 December 2022, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the director with respect to going concern are described in the relevant sections of this report.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GATEWAY HOLYROOD EDINBURGH LIMITED (CONTINUED)**

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**Other information**

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The director is responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Director's Report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Director's Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of directors**

As explained more fully in the Director's Responsibilities Statement set out on page 3, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the director is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GATEWAY HOLYROOD EDINBURGH LIMITED (CONTINUED)**

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**Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

**Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud.**

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to regulatory requirements and trade regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, income tax, payroll tax and sales tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to revenue and management bias in accounting estimates. Audit procedures performed by the engagement team included:

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GATEWAY HOLYROOD EDINBURGH  
LIMITED (CONTINUED)

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**Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

*Emma Bernardez*

Emma Bernardez (Senior Statutory Auditor)  
for and on behalf of  
**Haysmacintyre LLP**  
Statutory Auditors  
10 Queen Street Place  
London  
EC4R 1AG  
Date: 20 September 2023

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**GATEWAY HOLYROOD EDINBURGH LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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		31 December 2022 £	15 Month Period ended 31 December 2021 £
	Note		
Turnover	4	6,454,951	3,859,820
Cost of sales		(363,294)	(220,910)
<b>Gross profit</b>		<b>6,091,657</b>	<b>3,638,910</b>
Administrative expenses		(5,295,076)	(3,389,102)
<b>Operating profit</b>		<b>796,581</b>	<b>249,808</b>
Interest receivable and similar income	7	-	326,215
Interest payable and similar expenses		(309,195)	-
<b>Profit before tax</b>		<b>487,386</b>	<b>576,023</b>
Tax on profit	9	(7,910)	26,968
<b>Profit for the financial year</b>		<b>479,476</b>	<b>602,991</b>

There were no recognised gains and losses for 2022 or 2021 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2022 (2021:£NIL).

The notes on pages 12 to 26 form part of these financial statements.

**GATEWAY HOLYROOD EDINBURGH LIMITED**  
**REGISTERED NUMBER: 06030293**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2022**

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Tangible assets	10	1,842,015	1,470,748
Investments	11	18,492,581	18,492,581
		<u>20,334,596</u>	<u>19,963,329</u>
<b>Current assets</b>			
Stocks	12	23,858	25,155
Debtors: amounts falling due within one year	13	650,162	723,485
Cash at bank and in hand		265,131	332,866
		<u>939,151</u>	<u>1,081,506</u>
Creditors: amounts falling due within one year	15	(11,567,807)	(11,818,695)
<b>Net current liabilities</b>		<u>(10,628,656)</u>	<u>(10,737,189)</u>
<b>Total assets less current liabilities</b>		<u>9,705,940</u>	<u>9,226,140</u>
<b>Provisions for liabilities</b>			
Deferred tax	16	(324)	-
		<u>(324)</u>	<u>-</u>
<b>Net assets</b>		<u><u>9,705,616</u></u>	<u><u>9,226,140</u></u>
<b>Capital and reserves</b>			
Called up share capital	17	1	1
Profit and loss account	18	9,705,615	9,226,139
		<u><u>9,705,616</u></u>	<u><u>9,226,140</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 September 2023



**M Goddard**  
Director

The notes on pages 12 to 26 form part of these financial statements.

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**GATEWAY HOLYROOD EDINBURGH LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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	Called up share capital £	Profit and loss account £	Total equity £
<b>At 1 October 2020</b>	1	8,623,148	8,623,149
Profit for the period	-	602,991	602,991
<b>At 1 January 2022</b>	1	9,226,139	9,226,140
Profit for the year	-	479,476	479,476
<b>At 31 December 2022</b>	1	9,705,615	9,705,616

The notes on pages 12 to 26 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**1. General information**

Gateway Holyrood Edinburgh Limited is a private company limited by shares incorporated in England and Wales. The registered office is 3 St. James's Square, London, SW1Y 4JU. The trading address is The Holyrood Hotel, 81 Holyrood Road, Edinburgh, United Kingdom, EH8 8AU.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

**2.2 Financial Reporting Standard 102 - reduced disclosure exemptions**

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Gateway Investment Holdings Limited as at 31 December 2022 and these financial statements may be obtained from 3 St James's Square, London, UK, SW1Y 4JU.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**2. Accounting policies (continued)**

**2.3 Going concern**

The Company meets its day to day working capital requirements from operational cashflows together with an intercompany loan and trading balances with the group headed by Gateway Financial Holdings Limited, the immediate parent company.

The Company has prepared cashflow forecasts and performed a going concern assessment which indicates that the Company will have sufficient funds to meet its liabilities as they fall due during the going concern assessment period.

The cashflow forecasts cover a period of 12 months from the date of signing these financial statements are based upon monthly operating budgets which take into account the expected occupancy and rate based upon the known calendar of events in the year and a targeted marketing strategy. The budgets take into account anticipated inflationary increases in costs and particularly in the increase to the National Living Wage. These forecasts are dependent on the Company's immediate parent company, Gateway Financial Holdings Limited not seeking repayment of the amounts currently due.

Gateway Financial Holdings has indicated that it does not intend to seek repayment of the amounts currently due to the Company during the going concern assessment period unless there is sufficient surplus cash in the Company.

Consequently the director is confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

**2.4 Turnover**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

**2.5 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**2. Accounting policies (continued)**

**2.5 Tangible fixed assets (continued)**

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	- 20 years
Fixtures and fittings	- 4-10 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

**2.6 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**2.7 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). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. |

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

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2. Accounting policies (continued)

2.8 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.10 Financial instruments

The Company has elected to apply the provisions of Section 11 "Basic Financial Instruments" of FRS 102 to all of its financial instruments.

**Basic financial assets**

Basic financial assets, which include trade and other receivables, cash and bank balances, are initially measured at their transaction price including transaction costs and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, 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.

Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables due with the operating cycle fall into this category of financial instruments.

2.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**2. Accounting policies (continued)**

**2.12 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

**2.13 Interest income**

Interest income is recognised in profit or loss using the effective interest method.

**2.14 Finance costs**

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**2.15 Pensions**

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

*The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.*

**2.16 Debtors**

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**2. Accounting policies (continued)**

**2.17 Creditors**

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.18 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.

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.

**2.19 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**3. Judgements and key sources of estimation uncertainty**

In the application of the company's accounting policies, management are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key judgements made by management include:

**Useful lives of tangible assets**

Depreciation and amortisation are provided in order to write down to estimated residual value the cost of each asset over its estimated useful economic life. These useful economic lives require the use of management judgement. These estimates are regularly reviewed.

**Impairment of tangible assets**

Each cash generating unit (CGU) is reviewed annually for indicators of impairment. In assessing whether an asset has been impaired, the carrying value of the CGU is compared to its recoverable amount. The recoverable amount is the higher of its fair value less costs to sell and its value in use. Where value in use is estimated, this is calculated using a discounted cash flow model, which includes assumptions around future performance and the use of an appropriate discount rate. Future projections are compared to actual performance on a regular basis to assess the accuracy of such projections.

**Impairment of investments**

Investments are reviewed annually for indicators of impairment. In assessing whether they have been impaired, the carrying value of the investment is compared to its recoverable amount. The recoverable amount is the higher of its fair value less costs to sell and its value in use. Where value in use is estimated, this is calculated using a discounted cash flow model, which includes assumptions around future performance and the use of an appropriate discount rate. Future projections are compared to actual performance on a regular basis to assess the accuracy of such projections.

NOTES TO THE FINANCIAL STATEMENTS  
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4. Turnover

An analysis of turnover by class of business is as follows:

	31 December 2022 £	15 Month Period ended 31 December 2021 £
Hotel turnover	6,454,951	3,859,820
	<u>6,454,951</u>	<u>3,859,820</u>

All turnover arose within the United Kingdom.

5. Auditors' remuneration

	31 December 2022 £	15 Month Period ended 31 December 2021 £
Fees payable to the Company's auditors for the audit of the Company's financial statements	26,000	30,000
The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the consolidated accounts of the parent Company.		

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**6. Employees**

Staff costs were as follows:

	31 December 2022 £	15 Month Period ended 31 December 2021 £
Wages and salaries	1,818,615	160,190
Social security costs	145,363	9,845
Cost of defined contribution scheme	22,121	1,762
	<u>1,986,099</u>	<u>171,797</u>

The average monthly number of employees, including the director, during the year was as follows:

	31 December 2022 No.	15 Month Period ended 31 December 2021 No.
Employees	<u>84</u>	<u>55</u>

**7. Interest receivable**

	31 December 2022 £	15 Month Period ended 31 December 2021 £
Other interest receivable	-	326,215
	<u>-</u>	<u>326,215</u>

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**GATEWAY HOLYROOD EDINBURGH LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**8. Interest payable and similar expenses**

	31 December 2022 £	15 Month Period ended 31 December 2021 £
Loans from group undertakings	309,195	-
	<u>309,195</u>	<u>-</u>

**9. Taxation**

	31 December 2022 £	15 Month Period ended 31 December 2021 £
<b>Corporation tax</b>		
Current tax on profits for the year	-	(26,968)
	<u>-</u>	<u>(26,968)</u>
<b>Total current tax</b>	<u>-</u>	<u>(26,968)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	7,910	-
<b>Total deferred tax</b>	<u>7,910</u>	<u>-</u>
<b>Tax on profit</b>	<u>7,910</u>	<u>(26,968)</u>



**NOTES TO THE FINANCIAL STATEMENTS  
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**9. Taxation (continued)****Factors affecting tax charge for the year/period**

The tax assessed for the year/period is lower than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	31 December 2022 £	15 Month Period ended 31 December 2021 £
Profit on ordinary activities before tax	487,386	576,023
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	92,603	109,444
<b>Effects of:</b>		
Short-term timing difference leading to an increase (decrease) in taxation	6,793	(136,412)
Group relief	(91,763)	-
Effect of tax rate change	277	-
<b>Total tax charge for the year/period</b>	<b>7,910</b>	<b>(26,968)</b>

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**GATEWAY HOLYROOD EDINBURGH LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**10. Tangible fixed assets**

	Plant and machinery £	Fixtures and fittings £	Total £
<b>Cost or valuation</b>			
At 1 January 2022	2,634,616	4,413,882	7,048,498
Additions	99,898	681,320	781,218
At 31 December 2022	<u>2,734,514</u>	<u>5,095,202</u>	<u>7,829,716</u>
<b>Depreciation</b>			
At 1 January 2022	2,541,836	3,035,914	5,577,750
Charge for the year on owned assets	12,262	397,689	409,951
At 31 December 2022	<u>2,554,098</u>	<u>3,433,603</u>	<u>5,987,701</u>
<b>Net book value</b>			
At 31 December 2022	<u>180,416</u>	<u>1,661,599</u>	<u>1,842,015</u>
At 31 December 2021	<u>92,780</u>	<u>1,377,968</u>	<u>1,470,748</u>

**11. Fixed asset investments**

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 January 2022	18,492,581
At 31 December 2022	<u>18,492,581</u>

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**GATEWAY HOLYROOD EDINBURGH LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**11. Fixed asset investments (continued)****Subsidiary undertaking**

The following was a subsidiary undertaking of the Company:

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>
Gateway Edinburgh Hotels Limited	Ordinary	100%

The registered office is 81 Holyrood Road, Edinburgh, Scotland, EH8 8AU.

**12. Stocks**

	2022 £	2021 £
Finished goods and goods for resale	23,858	25,155
	<u>23,858</u>	<u>25,155</u>

**13. Debtors**

	2022 £	2021 £
Trade debtors	214,277	133,618
Other debtors	163,079	561,384
Prepayments and accrued income	265,424	13,515
Corporation tax recoverable	7,382	7,382
Deferred tax asset	-	7,586
	<u>650,162</u>	<u>723,485</u>

**14. Cash and cash equivalents**

	2022 £	2021 £
Cash at bank and in hand	265,131	332,866
	<u>265,131</u>	<u>332,866</u>

**NOTES TO THE FINANCIAL STATEMENTS  
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**15. Creditors: Amounts falling due within one year**

	2022 £	2021 £
Trade creditors	179,023	115,811
Amounts owed to group undertakings	10,424,326	11,109,814
Other taxation and social security	70,776	85,671
Other creditors	123,530	44,355
Accruals and deferred income	770,152	463,044
	<u>11,567,807</u>	<u>11,818,695</u>

**16. Deferred taxation**

	2022 £
At beginning of year	7,586
Charged to profit or loss	(7,910)
<b>At end of year</b>	<u><u>(324)</u></u>

The deferred taxation balance is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	(324)	7,586
	<u>(324)</u>	<u>7,586</u>

**17. Share capital**

	2022 £	2021 £
<b>Allotted, called up and fully paid</b>		
1 (2021 - 1) Ordinary share of £1.00	<u>1</u>	<u>1</u>

**NOTES TO THE FINANCIAL STATEMENTS  
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**18. Reserves**

**Profit and loss account**

The profit and loss account represents cumulative profits and losses net of dividends and other adjustments.

**19. Pension commitments**

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £22,121 (2021: £1,762). Contributions totalling £13,011 (2021: £4,942) were payable to the fund at the reporting date.

**20. Related party transactions**

The Company has advantage of exemptions from disclosing transactions with related companies under the provisions of Section 33 of Financial Reporting Standard 102.

**21. Post balance sheet events**

There have been no significant events affecting the Company since the year end.

**22. Controlling party**

The immediate parent is Gateway Financial Holdings Limited (13637148), incorporated in England & Wales. The registered address of Gateway Financial Holdings Limited is 3 St James's Square, London, UK, SW1Y 4JU.

Gateway Investments Holdings Limited (13636718) is the ultimate UK parent company and the ultimate parent is Zetland Special Situations Fund II SCSp SICAV RAIF, based in Luxembourg.

Gateway Financial Holdings Limited and Gateway Investment Holdings Limited both prepare consolidated financial statements which are available at 3 St James's Square, London, UK, SW1Y 4JU.