

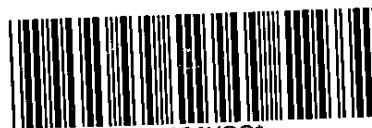
Registered number: SC043599

CairnGorm Mountain Limited

Report and Financial Statements

for the year ended 31 March 2014

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COMPANIES HOUSE

CairnGorm Mountain Limited

Company Information

Directors	G S Johnston OBE TD CA (Chairman) K G W Armstrong S L MacIntyre Maj Gen The Hon S H R H Monro CBE, LVO Ms S Murray FCCA I C Whittaker T R Whittome BSc
Company secretary	Mrs K M Beattie BA ACMA
Registered number	SC043599
Registered office	Cairngorm Ski Area Aviemore Inverness-shire PH22 1RB
Independent auditors	Ernst & Young LLP Barony House Stoneyfield Business Park Stoneyfield Inverness Scotland IV2 7PA
Bankers	Bank of Scotland 4th Floor New Uberior House 11 Earl Grey Street Edinburgh EH3 9BN
Solicitors	Balfour & Manson Incorporating Cuthbertson, Riddle & Graham 54-66 Frederick Street Edinburgh EH2 1LS

CairnGorm Mountain Limited

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CairnGorm Mountain Limited

**Chairman's statement
for the year ended 31 March 2014**

The chairman presents his statement for the period.

The results for the year ended 31 March 2014 show a small operating profit which results in a loss for the year of £75,618 on business activities. In terms of visitor numbers and skiers the year was a reasonable one but inevitably it was the weather that caused difficulties. Due to winds and storms the funicular was not able to operate for 44 days during the snowsports season. We had the largest falls of snow seen on Cairngorm for many, many years. Our teams worked hard to keep the lifts and the funicular open for business but it would seem that as fast as a day was cleared then overnight the build up of snow blocked everything again. February was most unusual in that it was our worst month for the number of days lost and yet it contained our busiest day for many years with some 3,400 people enjoying skiing.

In our continuing efforts to improve our visitor experience we installed a new ticket system which has worked well in that it gives us considerable additional information about activity and at the same time ensures that all visitors pay for the facilities. Catering produced a similar turnover to the previous year although the margins were affected by the closures mentioned above. Retail too although slightly down on turnover for the same period nonetheless contributed percentage wise a reasonable contribution. We improved our hire system and turnover here was maintained with a similar contribution. Overall our costs were affected by the weather but also by unexpected breakdowns such as an unbudgeted replacement of tracks for one of our pisting machines. These machines are essential to keep the piste in good condition but they are expensive items of equipment.

The success of the previous year allowed us to invest in fixed assets during this period and despite this we ended the year having fully repaid the loan and cash advance to our shareholders Highlands & Islands Enterprise (HIE).

As has been indicated in the press over the years since HIE became owners of the company the decision was made to seek to procure an alternative operator. This process has meant that the firm Natural Retreats will take over ownership of the company's shares and the management of the company on 2 June 2014. HIE have received positive returns since taking over the company and I wish to record the Board's thanks to all the hardworking members of staff who have steadfastly stuck to the task in the last few years and thus have enabled this change of ownership to happen. I pay tribute to them and to our executive directors who have led the company throughout this time. Finally, I thank my fellow Board members for their support and dedication over these years.

Name G S Johnston
Chairman



Date

12/8/14

CairnGorm Mountain Limited

**Directors' report
for the year ended 31 March 2014**

The directors present their report and the financial statements for the year ended 31 March 2014.

Principal activities

The principal activity of the company during the year was the provision of an all year round tourist attraction providing mountain railway experience, retail, catering and winter recreational activities.

Directors

The directors who served during the year were:

G S Johnston OBE TD CA (Chairman)
K G W Armstrong
S L MacIntyre
Maj Gen The Hon S H R H Monro CBE, LVO
Ms S Murray FCCA
I C Whittaker
T R Whittome BSc

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director 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.

Auditors

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

The directors have taken advantage of the small companies exemption provided by Section 414B of the Companies Act 2006 not to provide a Strategic Report.

This report was approved by the board on 12/5/14 and signed on its behalf.



Mrs K M Beattie BA ACMA
Secretary

**Directors' responsibilities statement
for the year ended 31 March 2014**

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). 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 of the company and the 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 judgments and accounting estimates that are reasonable and prudent;
- 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.

CairnGorm Mountain Limited

Independent auditors' report to the members of CairnGorm Mountain Limited

We have audited the financial statements of CairnGorm Mountain Limited for the year ended 31 March 2014, which comprise the Profit and loss account, the Statement of total recognised gains and losses, the Balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

CairnGorm Mountain Limited

Independent auditors' report to the members of CairnGorm Mountain Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and to take advantage of the small companies' exemption from the requirement to prepare a Strategic report or in preparing the Directors' report.



Peter Mearns (Senior statutory auditor)

for and on behalf of

Ernst & Young LLP

Statutory Auditor

Inverness

Date: 16/5/2014

CairnGorm Mountain Limited

**Profit and loss account
for the year ended 31 March 2014**

	<i>Note</i>	<i>2014</i> £	<i>2013</i> £
Turnover	1	4,448,816	4,388,402
Cost of sales		(3,613,458)	(3,233,087)
		<hr/>	<hr/>
Gross profit		835,358	1,155,315
Administrative expenses		(822,678)	(852,006)
Other operating income	2	11,174	10,426
		<hr/>	<hr/>
Operating profit	3	23,854	313,735
Exceptional items			
Net (loss)/profit on sale of tangible fixed assets	7	(4,625)	174
		<hr/>	<hr/>
Profit on ordinary activities before interest		19,229	313,909
Interest receivable and similar income		168	59
Interest payable and similar charges	6	(95,015)	(83,267)
Other finance income		-	8,000
		<hr/>	<hr/>
(Loss)/profit on ordinary activities before taxation		(75,618)	238,701
Tax on (loss)/profit on ordinary activities	8	-	144,118
		<hr/>	<hr/>
(Loss)/profit for the financial year	15	(75,618)	382,819
		<hr/>	<hr/>

The notes on pages 10 to 17 form part of these financial statements.

CairnGorm Mountain Limited

**Statement of total recognised gains and losses
for the year ended 31 March 2014**

	<i>Note</i>	<i>2014</i> £	<i>2013</i> £
<i>(Loss)/profit for the financial year</i>		(75,618)	382,819
Actuarial profit/(loss) related to pension scheme	16	<u>7,000</u>	<u>(204,000)</u>
<i>Total recognised gains and losses relating to the year</i>		<u><u>(68,618)</u></u>	<u><u>178,819</u></u>

The notes on pages 10 to 17 form part of these financial statements.

CairnGorm Mountain Limited
Registered number: SC043599

Balance sheet
as at 31 March 2014

	Note	£	2014 £	£	2013 £
Fixed assets					
Tangible assets	9		615,562		400,695
Investments	10		-		-
			<u>615,562</u>		<u>400,695</u>
Current assets					
Stocks		122,436		101,800	
Debtors	11	240,452		430,815	
Cash at bank and in hand		647,091		902,658	
		<u>1,009,979</u>		<u>1,435,273</u>	
Creditors: amounts falling due within one year	12	(904,941)		(1,007,687)	
Net current assets			<u>105,038</u>		<u>427,586</u>
Total assets less current liabilities			<u>720,600</u>		<u>828,281</u>
Creditors: amounts falling due after more than one year	13		(526,900)		(1,009,963)
Net assets/(liabilities) excluding pension scheme assets/(liabilities)			<u>193,700</u>		<u>(181,682)</u>
Defined benefit pension scheme asset	16		114,000		108,000
Net assets/(liabilities) including pension scheme assets/(liabilities)			<u><u>307,700</u></u>		<u><u>(73,682)</u></u>
Capital and reserves					
Called up share capital	14		565,000		115,000
Capital redemption reserve	15		75,000		75,000
Profit and loss account	15		(332,300)		(263,682)
Shareholders' funds/(deficit)			<u><u>307,700</u></u>		<u><u>(73,682)</u></u>

The financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

CairnGorm Mountain Limited

Balance sheet (continued)
as at 31 March 2014

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 12/5/14

A handwritten signature in black ink, appearing to read 'S Murray', is written over a faint, circular, light-grey watermark or background mark.

Ms S Murray FCCA
Director

The notes on pages 10 to 17 form part of these financial statements.

**Notes to the financial statements
for the year ended 31 March 2014**

1. Accounting policies

1.1 Fundamental accounting concept - going concern

The company became a wholly owned subsidiary of HIE on 16 May 2008. HIE have been seeking to return the company to private ownership and accordingly have conducted a procurement exercise to identify suitable operators. This has resulted in Natural Retreats Management Limited being awarded preferred bidder status and completion is scheduled shortly. As a result, a new board, with plans to grow and develop the company, will be put in place to take the company forward. HIE have conducted extensive due diligence on the new operator and on their financial plan and financial viability. HIE have provided the existing board with a letter of comfort which, together with their own investigations, has enabled the board to determine that the company continues to be a going concern.

1.2 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The company is the parent undertaking of a small group and as such is not required by the Companies Act 2006 to prepare group accounts. These financial statements therefore present information about the company as an individual undertaking and not about its group.

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

The whole of the turnover is attributable to the provision of goods and services which fall within the company's sole activity within the United Kingdom.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2.5% straight line
Long term Leasehold Property	-	over the period of the lease
Plant & machinery	-	10-25% straight line
Motor vehicles	-	25% reducing balance
Ski and snowboard equipment	-	25-33% straight line

1.5 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

**Notes to the financial statements
for the year ended 31 March 2014**

1. Accounting policies (continued)

1.6 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.7 Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the Profit and loss account over the expected useful lives of the assets concerned. Other grants are credited to the Profit and loss account as the related expenditure is incurred.

1.8 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

In addition, the company operates a defined benefit pension scheme. Pension fund assets are measured using market values. Pension fund liabilities are measured using the projected unit method and discounted by the yield available on long-dated, high quality corporate bonds. The expected return on the plan's assets and the increase during the period in the present value of the plan's liabilities arising from the passage of time are included in interest payable. Actuarial gains and losses are recognised in the Statement of Total Recognised Gains and Losses.

2. Other operating income

	2014 £	2013 £
Donations received in respect of car parking	11,174	10,426

3. Operating profit

The operating profit is stated after charging/(crediting):

	2014 £	2013 £
Depreciation of tangible fixed assets:		
- owned by the company	152,581	215,822
Auditors' remuneration	18,000	17,300
Pension costs	39,424	32,023
Government grants released	-	(21,720)

CairnGorm Mountain Limited

**Notes to the financial statements
for the year ended 31 March 2014**

4. Staff costs

Staff costs, including directors' remuneration, were as follows:

	2014 £	2013 £
Wages and salaries	1,876,988	1,727,750
Social security costs	124,347	116,480
Other pension costs (Note 16)	39,424	32,023
	<u>2,040,759</u>	<u>1,876,253</u>

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

	2014 No.	2013 No.
Operational	121	107
Office and management	15	13
	<u>136</u>	<u>120</u>

5. Directors' remuneration

	2014 £	2013 £
Aggregate remuneration	<u>179,713</u>	<u>167,969</u>

During the year retirement benefits were accruing to 2 directors (2013 - 2) in respect of defined benefit pension schemes.

6. Interest payable

	2014 £	2013 £
Interest payable to parent undertaking	50,746	24,767
On finance leases and hire purchase contracts	10,451	-
Dividends paid on shares classed as debt	33,818	58,500
	<u>95,015</u>	<u>83,267</u>

7. Exceptional items

	2014 £	2013 £
(Profit)/Loss on disposal of tangible fixed assets	<u>4,625</u>	<u>174</u>

CairnGorm Mountain Limited

**Notes to the financial statements
for the year ended 31 March 2014**

8. Taxation

	2014 £	2013 £
Adjustments in respect of prior periods	-	(144,118)
Tax on (loss)/profit on ordinary activities	-	(144,118)

There were no factors that may affect future tax charges.

9. Tangible fixed assets

	<i>Land and buildings</i> £	<i>Tenant's Improvements</i> £	<i>Plant & machinery</i> £	<i>Ski & snowboard equipment</i> £	<i>Total</i> £
Cost					
At 1 April 2013	45,574	199,021	4,121,148	119,624	4,485,367
Additions	-	-	371,536	18,454	389,990
Disposals	-	-	(110,008)	(8,032)	(118,040)
At 31 March 2014	45,574	199,021	4,382,676	130,046	4,757,317
Depreciation					
At 1 April 2013	16,752	198,242	3,767,681	101,997	4,084,672
Charge for the year	1,153	30	134,133	17,265	152,581
On disposals	-	-	(88,648)	(6,850)	(95,498)
At 31 March 2014	17,905	198,272	3,813,166	112,412	4,141,755
Net book value					
At 31 March 2014	27,669	749	569,510	17,634	615,562
At 31 March 2013	28,822	779	353,467	17,627	400,695

10. Fixed asset investments

Subsidiary undertakings

The following were subsidiary undertakings of the company:

<i>Name</i>	<i>Holding</i>
Cairngorm 2000+ Plc	100 %

CairnGorm Mountain Limited

**Notes to the financial statements
for the year ended 31 March 2014**

10. Fixed asset investments (continued)

The aggregate of the share capital and reserves as at 31 March 2014 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

<i>Name</i>	<i>Aggregate of share capital and reserves £</i>	<i>Profit/(loss) £</i>
Cairngorm 2000+ Plc	-	-

Cairngorm 2000+ Plc was dissolved on 25 April 2014.

11. Debtors

	<i>2014 £</i>	<i>2013 £</i>
Trade debtors	77,666	139,242
Amounts owed by group undertakings	11,747	144,118
Other debtors	151,039	147,455
	<u>240,452</u>	<u>430,815</u>

**12. Creditors:
Amounts falling due within one year**

	<i>2014 £</i>	<i>2013 £</i>
Net obligations under finance leases and hire purchase contracts	35,446	-
Trade creditors	288,054	245,112
Amounts owed to group undertakings	-	204,326
Other taxation and social security	132,386	215,396
Other creditors	449,055	342,853
	<u>904,941</u>	<u>1,007,687</u>

CairnGorm Mountain Limited

**Notes to the financial statements
for the year ended 31 March 2014**

**13. Creditors:
Amounts falling due after more than one year**

	2014 £	2013 £
Cumulative redeemable preference shares accrued dividend	516,068	482,250
Net obligations under finance leases and hire purchase contracts	10,832	-
Amounts owed to group undertakings	-	77,713
Share capital treated as debt (Note 14)	-	450,000
	<u>526,900</u>	<u>1,009,963</u>

14. Share capital

	2014 £	2013 £
Shares classified as capital		
Allotted, called up and fully paid		
565,000 (2013 - 115,000) Ordinary shares of £1 each	<u>565,000</u>	<u>115,000</u>
Shares classified as debt		
Allotted, called up and fully paid		
450,000 Cumulative redeemable preference shares of £1 each	<u>-</u>	<u>450,000</u>

On 29 October 2013 the 450,000 issued cumulative redeemable preference shares of £1 each were redesignated as ordinary shares of £1 each.

The preference share holders were entitled to a dividend of 8% of par value to 30 April 2007, increasing thereafter at a rate of 1% per annum until the year ended 30 April 2012 and remaining at the rate of 13% per annum of par value until 29 October 2013.

15. Reserves

	Capital redemption reserve £	Profit and loss account £
At 1 April 2013	75,000	(263,682)
Loss for the financial year	-	(75,618)
Pension reserve movement	-	7,000
At 31 March 2014	<u>75,000</u>	<u>(332,300)</u>

The closing balance on the Profit and loss account includes a £114,000 (2013 - £108,000) credit, stated after deferred taxation of £NIL (2013 - £NIL), in respect of pension scheme liabilities of the company pension scheme.

**Notes to the financial statements
for the year ended 31 March 2014**

16. 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 £9,424 (2013 - £11,023). Contributions totalling £nil (2013 - £nil) were payable to the fund at the balance sheet date and are included in creditors.

The company operates a Defined benefit pension scheme, which is funded.

The pension cost and provision for the year ending 31 March 2014 are based on the advice of a professionally qualified actuary. The most recent formal valuation is dated 31 March 2013. The results of this valuation showed that the surplus in the scheme has increased, however, in accordance with FRS17, the surplus has been recognised in the Balance Sheet to the extent that the excess can be recovered by the company.

The contribution made for the year ended 31 March 2014 was £29,000 (2013 - £26,000). The agreed contribution rate for future years is 15%.

Value of scheme assets and liabilities

	<i>Value at 2014 £</i>	<i>Value at 2013 £</i>
Present value of scheme liabilities	(1,037,000)	(994,000)
Present value of scheme assets	1,151,000	1,102,000
Surplus in the scheme	114,000	108,000
Net pension asset	114,000	108,000
	<i>2014 £</i>	<i>2013 £</i>

Movements in surplus during the year:

Surplus in scheme at beginning of year	108,000	303,000
Current year service cost	(30,000)	(21,000)
Contributions	29,000	26,000
Other finance income	-	8,000
Actuarial gain/(loss)	7,000	(208,000)
Surplus in scheme at end of year	114,000	108,000

CairnGorm Mountain Limited

**Notes to the financial statements
for the year ended 31 March 2014**

17. Operating lease commitments

At 31 March 2014 the company had annual commitments under non-cancellable operating leases as follows:

	<i>Land and buildings</i>			<i>Other</i>
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
	£	£	£	£
<i>Expiry date:</i>				
Within 1 year	-	-	6,636	4,717
Between 2 and 5 years	1,500	1,100	-	1,370
After more than 5 years	-	-	118,473	118,473
	<hr/>	<hr/>	<hr/>	<hr/>

18. Related party transactions

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

19. Ultimate parent undertaking and controlling party

The company is a wholly owned subsidiary of Highlands and Islands Enterprise. Copies of the consolidated financial statements can be obtained from: Highlands and Islands Enterprise, Cowan House, Inverness Retail and Business Park, Inverness IV2 7GF.