

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 28TH FEBRUARY 2022
FOR
GRETNNA GREEN LTD**

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for the Year Ended 28th February 2022

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GREтна GREEN LTD

COMPANY INFORMATION

for the Year Ended 28th February 2022

DIRECTORS:

Mrs S J M Houston
Mr J H Hammond MBE
Mr P P F O'Meara
Mrs J Bell
Mrs I Rhodes
Mrs L L Houston

REGISTERED OFFICE:

Headless Cross
Gretna Green
Dumfriesshire
DG16 5EA

REGISTERED NUMBER:

SC052082 (Scotland)

AUDITORS:

Xeinadin Audit Limited
1 City Road East
Manchester
M15 4PN

STRATEGIC REPORT

for the Year Ended 28th February 2022

The directors present their strategic report for the year ended 28th February 2022.

REVIEW OF BUSINESS

The principal activities of the company during the year were the provision of retail, hospitality, and tourism services. In the financial year to 28th February 2022 continuing Covid-19 restrictions required Gretna Green Ltd to close the majority of business activities for some of the financial year. Hotels traded for part of the year with Retail sites opening on a much-reduced basis during which time the business continued to adapt to rapidly changing restrictive measures introduced by the government, often at extremely short notice.

During the year turnover grew by £5.36m, the increase was driven by the demand in the Hotels. In the year focus was very much on monitoring of cash flow, revenue streams, control of stock and overheads, and team development. Profit increased during the year to Profit before tax of £925k (2021: -£1.56m).

FINANCIAL KEY PERFORMANCE INDICATORS

	2022	2021
Revenue	10,225,532	4,862,134
Gross Profit	4,032,459	(528,333)
Gross Margin	39%	-
Underlying EBITDA	1,457,925	(1,009,613)
Net current assets	3,261,923	3,033,514

REVIEW OF BUSINESS RISKS

Financial Risks

The Company's operations expose it to a limited number of financial risks, primarily credit risk and liquidity risk.

Credit Risk

Appropriate credit checks are undertaken on all potential customers before liabilities are incurred. Individual exposures are monitored on an ongoing basis to ensure bad debts are minimised.

Liquidity Risk

The company regularly forecasts cash flow to ensure that sufficient funds are available for operational requirements.

Non- Financial Risks

Non-financial risks are monitored on a regular basis by the Board. The principal risks and how they are mitigated are set out below;

Loss of business due to fall in demand or current economic climate - the Directors review prospects and sales forecast on a regular basis. The company maintains a consistent and good order book and puts considerable effort into maintaining customer focused activities.

Loss of suppliers - The Company maintains strong relationships with its suppliers and actively manages its supplier base.

EMPLOYEE INVOLVEMENT

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through team briefings, formal and informal meetings with employee representatives and Employee Opinion Surveys.

STRATEGIC REPORT

for the Year Ended 28th February 2022

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitude of the applicant concerned. In the event of employees becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate & relevant training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

The Company reserves the right to conduct audits of key suppliers to ensure compliance with the company Supplier Code of Conduct. These audits can be done either by employees or by contracted, independent third parties or a combination. We expect our suppliers to respect human rights, including maintaining policies and procedures to prevent the use of child or forced labour.

HUMAN TRAFFICKING AND ANTI-SLAVERY STATEMENT

The Company is committed to ensuring that it is free from acts of modern slavery from within its own business and within its supply chain. The Company acknowledges responsibility for implementing the requirements of the Modern Slavery Act 2015 and will ensure transparency within the organisation and with suppliers of goods and services to the organisation.

The Company Directors and Senior Management will take responsibility for enhancing this policy statement and its objectives, and shall provide adequate training to ensure that, wherever possible, slavery and human trafficking is not taking place within the organisation or within its supply chains.

POLICY ON PAYMENT TO SUPPLIERS

The Company's supplier payment policy is to agree terms and conditions for business transactions with suppliers. Suppliers are made aware of the Company's terms and payment is made according to those terms.

ON BEHALF OF THE BOARD:

Mrs I Rhodes - Director

28th September 2022

REPORT OF THE DIRECTORS

for the Year Ended 28th February 2022

The directors present their report with the financial statements of the company for the year ended 28th February 2022.

DIVIDENDS

The total distributions paid in the year to 28 February 2022 was £106,470 (2021: £NIL).

DIRECTORS

The directors shown below have held office during the whole of the period from 1st March 2021 to the date of this report.

Mrs S J M Houston
Mr J H Hammond MBE
Mr P P F O'Meara
Mrs J Bell
Mrs I Rhodes

Other changes in directors holding office are as follows:

Mr A G Houston MBE - deceased 21st June 2021
Mrs L L Houston - appointed 26th May 2021

DISCLOSURE IN THE STRATEGIC REPORT

The Company has chosen, in accordance with Section 414 C(ii) of the Companies Act 2006, and as noted in this Directors' Report, to include certain matters in its Strategic Report that would otherwise be required to disclose in this Directors' Report, specifically in respect of the review of the business, key performance indicators, principal business risks and uncertainties and future developments for the company.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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 Financial Reporting Standard 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 of the company and of 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 judgements 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

REPORT OF THE DIRECTORS

for the Year Ended 28th February 2022

AUDITORS

Xeinadin Audit Limited acquired the audit practice of Kay Johnson Gee Limited and has been appointed as auditor in succession. In accordance with section 485 of the Companies Act 2006, Xeinadin Audit Limited will be proposed for reappointment.

ON BEHALF OF THE BOARD:

Mrs I Rhodes - Director

28th September 2022

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF GRETNNA GREEN LTD

Qualified Opinion

We have audited the financial statements of Gretna Green Ltd (the 'company') for the year ended 28th February 2022 which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Financial Statements, 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 except for the possible effects of the matter described in the basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the state of the company's affairs as at 28th February 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with the United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006

Basis for qualified opinion

At the prior year reporting date, due to the COVID-19 pandemic and government restrictions, we did not observe the counting of physical inventories at the end of that year. We were unable to satisfy ourselves by other means concerning the inventory quantities held at 28 February 2021 by using other audit procedures. Consequently, we were unable to determine whether any adjustment to that amount was necessary or whether there was any consequential effect on the cost of sales for the year ended 28 February 2022.

Any adjustment to the valuation of the opening inventory would have a consequential impact on the reported profit for the year.

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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' 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 directors with respect to going concern are described in the relevant sections of this report.

Key audit matters

Except for the matter described in the basis for qualified opinion section, we have determined that there are no key audit matters to be communicated in our report.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF GRENA GREEN LTD

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

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.

In connection with our audit of the financial statements, 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 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.

Opinion on other matters prescribed in 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

Except for the matter described in the basis for qualified opinion section of our report, 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 directors' report.

Arising solely from the limitation on the scope of our work relating to inventory, referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- in our opinion, adequate accounting records have not been kept.

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:

- 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.

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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, the directors are 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 directors determine 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 directors are 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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF GRENA GREEN LTD

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 a Report of the Auditors 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities including fraud and non-compliance with laws and regulations we have considered the following:

- The nature of the industry and sector, control environment and business performance including the company's remuneration policies, key drivers for directors remuneration, bonus levels and performance targets.
- Results of the enquiries of management about their own identification and assessment of the risks of irregularities;
- Any matters we have identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of noncompliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
 - the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: timing of recognition of income, valuation of stock, capitalisation of expenditure, depreciation policies and provisions against slow moving stock. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included UK Companies Act, employment law, health and safety, pensions legislation and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

Audit response to risks identified

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF GRETNNA GREEN LTD

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

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. This description forms part of our Report of the Auditors.

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 a Report of the Auditors 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.

Julian Beressi (Senior Statutory Auditor)
for and on behalf of Xeinadin Audit Limited
1 City Road East
Manchester
M15 4PN

28th September 2022

PROFIT AND LOSS ACCOUNT
 for the Year Ended 28th February 2022

	Notes	2022 £	2021 £
TURNOVER	4	10,225,532	4,862,134
Cost of sales		<u>(6,193,073)</u>	<u>(5,390,467)</u>
GROSS PROFIT/(LOSS)		4,032,459	(528,333)
Distribution costs		<u>(497,784)</u>	(385,763)
Administrative expenses		<u>(3,351,603)</u>	<u>(2,403,898)</u>
		183,072	(3,317,994)
Other operating income	5	<u>749,216</u>	<u>1,807,539</u>
OPERATING PROFIT/(LOSS)	8	932,288	(1,510,455)
Interest receivable and similar income		<u>1,695</u>	<u>8,525</u>
		933,983	(1,501,930)
Gain/loss on revaluation of investments		<u>(8,959)</u>	<u>(61,216)</u>
PROFIT/(LOSS) BEFORE TAXATION		925,024	(1,563,146)
Tax on profit/(loss)	9	<u>(186,417)</u>	<u>240,609</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		738,607	(1,322,537)
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		738,607	(1,322,537)

The notes form part of these financial statements

GRETNA GREEN LTD (REGISTERED NUMBER: SC052082)**BALANCE SHEET****28th February 2022**

	Notes	2022 £	2021 £
FIXED ASSETS			
Intangible assets	11	214,542	262,042
Tangible assets	12	9,681,740	9,350,174
Investments	13	-	938,784
Investment property	14	174,374	174,374
		<u>10,070,656</u>	<u>10,725,374</u>
CURRENT ASSETS			
Stocks	15	735,157	728,147
Debtors	16	368,189	434,525
Cash at bank and in hand		6,263,360	5,223,862
		<u>7,366,706</u>	<u>6,386,534</u>
CREDITORS			
Amounts falling due within one year	17	(4,104,783)	(3,353,020)
NET CURRENT ASSETS		<u>3,261,923</u>	<u>3,033,514</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>13,332,579</u>	<u>13,758,888</u>
CREDITORS			
Amounts falling due after more than one year	18	(994,440)	(2,136,256)
PROVISIONS FOR LIABILITIES	22	<u>(455,715)</u>	<u>(372,345)</u>
NET ASSETS		<u>11,882,424</u>	<u>11,250,287</u>
CAPITAL AND RESERVES			
Called up share capital	23	8,148	8,148
Share premium		6,080	6,080
Capital redemption reserve		7,872	7,872
Retained earnings		11,860,324	11,228,187
SHAREHOLDERS' FUNDS		<u>11,882,424</u>	<u>11,250,287</u>

The financial statements were approved by the Board of Directors and authorised for issue on 28th September 2022 and were signed on its behalf by:

Mrs J Bell - Director

The notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY

for the Year Ended 28th February 2022

	Called up share capital £	Retained earnings £	Share premium £	Capital redemption reserve £	Total equity £
Balance at 29th February 2020	8,148	12,550,724	6,080	7,872	12,572,824
Deficit for the year	-	(1,322,537)	-	-	(1,322,537)
Total comprehensive loss	-	(1,322,537)	-	-	(1,322,537)
Balance at 28th February 2021	8,148	11,228,187	6,080	7,872	11,250,287
Profit for the year	-	738,607	-	-	738,607
Total comprehensive income	-	738,607	-	-	738,607
Dividends	-	(106,470)	-	-	(106,470)
Balance at 28th February 2022	8,148	11,860,324	6,080	7,872	11,882,424

The notes form part of these financial statements

CASH FLOW STATEMENT

for the Year Ended 28th February 2022

		2022	2021
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	28	2,314,882	363,595
Tax paid		(257,399)	-
Net cash from operating activities		<u>2,057,483</u>	<u>363,595</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(866,086)	(35,733)
Purchase of fixed asset investments		-	(1,000,000)
Sale of tangible fixed assets		56,382	-
Sale of fixed asset investments		929,826	-
Interest received		1,695	8,525
Net cash from investing activities		<u>121,817</u>	<u>(1,027,208)</u>
Cash flows from financing activities			
New loans in year		-	2,000,000
Loan repayments in year		(1,033,332)	-
Amount (withdrawn) by directors		-	(14,400)
Equity dividends paid		(106,470)	-
Net cash from financing activities		<u>(1,139,802)</u>	<u>1,985,600</u>
Increase in cash and cash equivalents		<u>1,039,498</u>	<u>1,321,987</u>
Cash and cash equivalents at beginning of year	29	5,223,862	3,901,875
Cash and cash equivalents at end of year	29	<u>6,263,360</u>	<u>5,223,862</u>

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 28th February 2022

1. STATUTORY INFORMATION

Gretna Green Ltd is a private company limited by share capital, incorporated in Scotland, registration number SC052082. The address of the registered office is Headless Cross, Gretna Green, Dumfriesshire, DG16 5EA. The principal places of business are: Smiths at Gretna Green Hotel, Headless Cross, Gretna Green, Dumfriesshire, DG16 5EA; Greens at Gretna Hotel, Glasgow Road, Gretna, DG16 5FG and Gretna Hall Hotel, Gretna Green, Dumfriesshire, DG16 5DY.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Preparation of consolidated financial statements

The company has chosen not to prepare consolidated financial statements as both of its subsidiaries are dormant and immaterial to the results. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Turnover

Turnover represents amounts recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts. Turnover principally consists of wedding ceremonies, hotel stays, retail sales and farming income, which are recognised at the point of which the goods or services are provided.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2016, is being amortised evenly over its estimated useful life of ten years.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation on tangible fixed assets is charged to the profit and loss so as to write off their value, over their estimated useful lives, using the following methods:

Freehold property	- 2% on cost
Fixtures and fittings	- varying rates between 10% - 33% on cost

At each balance sheet date, the Company reviews the carrying amounts of its fixed assets to determine whether there is any indication that any items have suffered an impairment loss. If any such indication exists, the recoverable amount of an 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 the asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately.

Government grants

Government grants are recognised on the accrual model and are measured at fair value of the asset receivable. Grants are classified as relating either to other income or to assets. Grants related to other income are recognised in profit or loss over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

NOTES TO THE FINANCIAL STATEMENTS - continued

for the Year Ended 28th February 2022

2. ACCOUNTING POLICIES - continued

Investment property

Investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in fair value is recognised in profit or loss.

Investments

In the balance sheet, unlisted investments are shown as cost less impairment. Any provision for impairment is reflected as an expense in the statement of profit or loss.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in-first-out principle and includes expenditure in acquiring the stocks, product or conversion costs and other costs in bringing them to their existing location and condition.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Pension costs and other post-retirement benefits

The obligations for contributions to defined contribution scheme are recognised as an expense as incurred. The assets of the scheme are held separately from those of the Company in an independent administered fund.

Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS - continued

for the Year Ended 28th February 2022

2. ACCOUNTING POLICIES - continued

Financial instruments

Financial assets and liabilities are recognised when the company becomes party to the contractual provisions of the financial instrument. The company holds basic financial instruments, which comprise cash at bank and in hand, trade and other debtors, borrowings, and trade and other creditors. The company has chosen to apply the measurement and recognition provisions of Section 11 Basic Financial Instruments.

Trade and other debtors

Trade and other debtors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less impairment losses for bad and doubtful debts except where the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts.

Trade and other creditors

Trade and other creditors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand. Bank borrowings are included in creditors.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies above, management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future period.

Depreciation

The company accounts for depreciation in accordance with FRS 102. The depreciation and expense is the recognition of the decline in the value of the asset and allocation of the cost of the asset over the periods in which the asset will be used. Judgements are made on the estimated useful life of the assets which are regularly reviewed to reflect the changing environment.

Provisions

The company accounts for provisions in accordance with FRS 102. There have been no significant movements in any provisions; these provisions include: depreciation, stock provision and bad debt provision.

NOTES TO THE FINANCIAL STATEMENTS - continued

for the Year Ended 28th February 2022

4. TURNOVER

The turnover and profit (2021 - loss) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	2022 £	2021 £
Hotel	6,202,662	2,401,749
Retail	3,820,383	2,279,015
Farming	202,487	181,370
	<u>10,225,532</u>	<u>4,862,134</u>

An analysis of turnover by geographical market is given below:

	2022 £	2021 £
United Kingdom	10,225,532	4,862,134
	<u>10,225,532</u>	<u>4,862,134</u>

5. OTHER OPERATING INCOME

	2022 £	2021 £
Net rents received	53,792	40,661
Sundry income	20,777	29,399
Government grants	674,647	1,737,479
	<u>749,216</u>	<u>1,807,539</u>

6. EMPLOYEES AND DIRECTORS

	2022 £	2021 £
Wages and salaries	3,579,872	3,675,081
Social security costs	274,104	252,655
Other pension costs	73,636	82,594
	<u>3,927,612</u>	<u>4,010,330</u>

The average number of employees during the year was as follows:

	2022	2021
Administration and maintenance	27	19
Museum, retail outlets and hotel	153	194
	<u>180</u>	<u>213</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

for the Year Ended 28th February 2022

7. DIRECTORS' EMOLUMENTS

	2022	2021
	£	£
Directors' remuneration	339,253	395,441
Directors' pension contributions to money purchase schemes	<u>18,316</u>	<u>10,190</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>4</u>	<u>3</u>
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Information regarding the highest paid director is as follows:

	2022	2021
	£	£
Emoluments etc	149,089	127,552
Pension contributions to money purchase schemes	<u>10,531</u>	<u>-</u>

8. OPERATING PROFIT/(LOSS)

The operating profit (2021 - operating loss) is stated after charging/(crediting):

	2022	2021
	£	£
Depreciation - owned assets	429,477	441,092
(Profit)/loss on disposal of fixed assets	(2,364)	12,250
Goodwill amortisation	47,500	47,500
Auditors' remuneration	<u>17,600</u>	<u>13,945</u>

9. TAXATION**Analysis of the tax charge/(credit)**

The tax charge/(credit) on the profit for the year was as follows:

	2022	2021
	£	£
Current tax:		
UK corporation tax	103,047	-
Corporation tax prior years	-	(213,186)
Total current tax	<u>103,047</u>	<u>(213,186)</u>
Deferred tax	83,370	(27,423)
Tax on profit/(loss)	<u>186,417</u>	<u>(240,609)</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

for the Year Ended 28th February 2022

9. TAXATION - continued

Reconciliation of total tax charge/(credit) included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2022 £	2021 £
Profit/(loss) before tax	<u>925,024</u>	<u>(1,563,146)</u>
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	175,755	(296,998)
Effects of:		
Expenses not deductible for tax purposes	(1,721)	23,197
Capital allowances in excess of depreciation	(70,987)	-
Depreciation in excess of capital allowances	-	60,615
Deferred tax movement	<u>83,370</u>	<u>(27,423)</u>
Total tax charge/(credit)	<u>186,417</u>	<u>(240,609)</u>

10. DIVIDENDS

	2022 £	2021 £
Ordinary shares of £1 each		
Final	<u>106,470</u>	<u>-</u>

11. INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
At 1st March 2021	
and 28th February 2022	<u>475,000</u>
AMORTISATION	
At 1st March 2021	212,958
Amortisation for year	<u>47,500</u>
At 28th February 2022	<u>260,458</u>
NET BOOK VALUE	
At 28th February 2022	<u>214,542</u>
At 28th February 2021	<u>262,042</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

for the Year Ended 28th February 2022

12. TANGIBLE FIXED ASSETS

	Freehold property £	Fixtures and fittings £	Totals £
COST			
At 1st March 2021	11,340,022	3,535,163	14,875,185
Additions	780,033	86,053	866,086
Disposals	-	(136,636)	(136,636)
Reclassification/transfer	(51,319)	51,319	-
At 28th February 2022	12,068,736	3,535,899	15,604,635
DEPRECIATION			
At 1st March 2021	2,798,416	2,726,595	5,525,011
Charge for year	193,705	235,772	429,477
Eliminated on disposal	-	(82,618)	(82,618)
Impairments	-	51,025	51,025
At 28th February 2022	2,992,121	2,930,774	5,922,895
NET BOOK VALUE			
At 28th February 2022	9,076,615	605,125	9,681,740
At 28th February 2021	8,541,606	808,568	9,350,174

13. FIXED ASSET INVESTMENTS

	Unlisted investments £
COST	
At 1st March 2021	1,032,250
Disposals	(1,000,000)
At 28th February 2022	32,250
PROVISIONS	
At 1st March 2021	93,466
Eliminated on disposal	(61,216)
At 28th February 2022	32,250
NET BOOK VALUE	
At 28th February 2022	-
At 28th February 2021	938,784

NOTES TO THE FINANCIAL STATEMENTS - continued

for the Year Ended 28th February 2022

13. FIXED ASSET INVESTMENTS - continued

The directors believe that the carrying value of the investment is supported by the underlying net assets and future forecast cashflows.

The following were subsidiary undertakings of the company:

Name	Country	Class of share	Holding	Principal activity
Gretna Museum and Tourist Services Limited	Scotland	Ordinary	100%	Dormant
Gretna House Investment Company Limited	Scotland	Ordinary	100%	Dormant

The registered office and principal places of business for the above entities are Headless Cross, Gretna Green, Dumfriesshire, DG16 5EA; the financial year ends for the above subsidiaries are 28th February 2022.

14. INVESTMENT PROPERTY

	Total £
FAIR VALUE	
At 1st March 2021	
and 28th February 2022	174,374
NET BOOK VALUE	
At 28th February 2022	174,374
At 28th February 2021	174,374

15. STOCKS

	2022 £	2021 £
Goods for resale	735,157	728,147

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £	2021 £
Trade debtors	128,932	250,608
Other debtors	26,531	99,982
Tax	106,465	-
Prepayments	106,261	83,935
	368,189	434,525

NOTES TO THE FINANCIAL STATEMENTS - continued

for the Year Ended 28th February 2022

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Bank loans and overdrafts (see note 19)	196,366	92,954
Trade creditors	478,498	268,469
Tax	-	47,887
Social security and other taxes	68,531	52,235
VAT	134,761	356,400
Other creditors	2,414,758	1,848,817
Accruals and deferred income	806,797	256,186
Deferred government grants	5,072	430,072
	<u>4,104,783</u>	<u>3,353,020</u>

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2022	2021
	£	£
Bank loans (see note 19)	770,301	1,907,045
Deferred government grants	224,139	229,211
	<u>994,440</u>	<u>2,136,256</u>

The deferred government grants are capital based grants relating to freehold property and are being written off to revenue over the life of the assets concerned.

19. LOANS

An analysis of the maturity of loans is given below:

	2022	2021
	£	£
Amounts falling due within one year or on demand:		
Bank loans	<u>196,366</u>	<u>92,954</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>201,528</u>	<u>378,952</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>568,773</u>	<u>1,208,400</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans more 5 yr by instal	<u>-</u>	<u>319,693</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

for the Year Ended 28th February 2022

20. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2022	2021
	£	£
Within one year	16,756	37,853
Between one and five years	2,049	16,837
	<u>18,805</u>	<u>54,690</u>

21. SECURED DEBTS

The following secured debts are included within creditors:

	2022	2021
	£	£
Bank loans	<u>966,667</u>	<u>-</u>

On the 18 November RBS created a floating charge over all of the property and undertakings of the company; this charge also contains a negative pledge.

22. PROVISIONS FOR LIABILITIES

	2022	2021
	£	£
Deferred tax	<u>455,715</u>	<u>372,345</u>
		Deferred tax
		£
Balance at 1st March 2021		372,345
Provided during year		83,370
Balance at 28th February 2022		<u>455,715</u>

23. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2022	2021
			£	£
8,148	Ordinary	£1	<u>8,148</u>	<u>8,148</u>

24. PENSION COMMITMENTS

The company contributes to 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 charge represents contributions payable by the company to the fund and amounted to £87,444 (2021 - £82,593). Contributions totalling £15,443 (2021 - £10,282) were payable to the fund at the balance sheet date and are included in creditors.

NOTES TO THE FINANCIAL STATEMENTS - continued

for the Year Ended 28th February 2022

25. CAPITAL COMMITMENTS

	2022 £	2021 £
Contracted but not provided for in the financial statements	<u>748,449</u>	<u>985,652</u>

26. RELATED PARTY DISCLOSURES

Dividends of £106,470 (2021 - £NIL) were paid to shareholders who are also directors.

The company paid storage fees of £25,840 (2021 - £2,860) to Gretna House Farm which is controlled by a director.

The directors consider key management personnel to be the same as directors and therefore the total compensation for the period is £357,569 (2021 - £405,631).

27. ULTIMATE CONTROLLING PARTY

The ultimate controller of the company are the Executors of the Mr A G Houston MBE estate by virtue of his majority shareholding.

28. RECONCILIATION OF PROFIT/(LOSS) FOR THE FINANCIAL YEAR TO CASH GENERATED FROM OPERATIONS

	2022 £	2021 £
Profit/(loss) for the financial year	738,607	(1,322,537)
Depreciation charges	476,976	488,592
(Profit)/loss on disposal of fixed assets	(2,364)	12,250
Loss on revaluation of fixed assets	8,959	61,216
Loss on impairment of fixed assets	51,025	-
Finance income	(1,695)	(8,525)
Taxation	<u>186,417</u>	<u>(240,609)</u>
	1,457,925	(1,009,613)
(Increase)/decrease in stocks	(7,010)	767,530
Decrease in trade and other debtors	172,801	1,289
Increase in trade and other creditors	<u>691,166</u>	<u>604,389</u>
Cash generated from operations	<u>2,314,882</u>	<u>363,595</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

for the Year Ended 28th February 2022

29. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 28th February 2022

	28/2/22 £	1/3/21 £
Cash and cash equivalents	<u>6,263,360</u>	<u>5,223,862</u>

Year ended 28th February 2021

	28/2/21 £	29/2/20 £
Cash and cash equivalents	<u>5,223,862</u>	<u>3,901,875</u>

30. ANALYSIS OF CHANGES IN NET FUNDS

	At 1/3/21 £	Cash flow £	At 28/2/22 £
Net cash			
Cash at bank and in hand	<u>5,223,862</u>	<u>1,039,498</u>	<u>6,263,360</u>
	<u>5,223,862</u>	<u>1,039,498</u>	<u>6,263,360</u>
Debt			
Debts falling due within 1 year	(92,954)	(103,412)	(196,366)
Debts falling due after 1 year	<u>(1,907,045)</u>	<u>1,136,744</u>	<u>(770,301)</u>
	<u>(1,999,999)</u>	<u>1,033,332</u>	<u>(966,667)</u>
Total	<u>3,223,863</u>	<u>2,072,830</u>	<u>5,296,693</u>

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