Company Registration No. SC129179 (Scotland)

Stracathro Estates Limited

Unaudited financial statements for the year ended 31 October 2017

Pages for filing with the Registrar

Saffery Champness
CHARTERED ACCOUNTANTS

Stracathro Estates Limited

Company information

Directors	Hugh Campbell Adamson Alison Campbell Adamson Gordon Cairns Alexander Taylor James Campbell Adamson
Secretary	Alison Campbell Adamson
Company number	SC129179
Registered office	Brae of Pert North Water Bridge Laurencekirk Kincardineshire AB30 1QR
Accountants	Saffery Champness LLP Edinburgh Quay 133 Fountainbridge Edinburgh EH3 9BA

Stracathro Estates Limited

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Stracathro Estates Limited

Balance sheet
As at 31 October 2017

	Notes	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Intangible assets	3		104,932		139,910
Tangible assets	4		7,677,391		7,491,950
Investment properties	5		980,000		980,000
			8,762,323		8,611,860
Current assets					
Stocks	6	455,703		698,937	
Debtors	7	412,368		511,770	
Cash at bank and in hand		1,131,953		23,324	
		2,000,024		1,234,031	
Creditors: amounts falling due within one year	8	(770,677)		(418,125)	
Net current assets			1,229,347		815,906
Total assets less current liabilities			9,991,670		9,427,766
Creditors: amounts falling due after more than one year	9		(344,433)		(319,610)
Provisions for liabilities			(258,463)		(226,723)
Net assets			9,388,774		8,881,433
Capital and reserves					
Called up share capital	10		20,000		20,000
Share premium account			4,854,806		4,854,806
Revaluation reserve			381,510		381,510
Profit and loss reserves			4,132,458		3,625,117
Total equity			9,388,774		8,881,433

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

For the financial year ended 31 October 2017 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 3-6-18 and are signed on its behalf by:

Hugh Campbell Adamson
Director

Company Registration No. SC129179

1 Accounting policies

Company information

Stracathro Estates Limited is a private company limited by shares incorporated in Scotland. The registered office is Brae of Pert, North Water Bridge, Laurencekirk, Kincardineshire, AB30 1QR.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

These financial statements for the year ended 31 October 2017 are the first financial statements of Stracathro Estates Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 November 2015. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 11.

1.2 Turnover

Turnover represents amounts and services in relation to farming sales including crop sales, rental income and income from renewable energy projects.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

The Basic Payment Scheme income is recognised once all conditions attached have been met.

1 Accounting policies (continued)

1.3 Intangible fixed assets other than goodwill

Entitlements under the Basic Payment Scheme are accounted for as an intangible asset acquired by way of government grant. On initial recognition the intangible asset is recognised at fair value based upon traded prices. The asset is amortised over its useful economic life being 5 years. In accordance with the accruals model of recognition, the grant is recognised in income on a systematic basis over the expected useful life of the asset, being 5 years. Hence a deferred income balance is recognised initially which is released to income over 5 years.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Government grants	20% straight line

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings Freehold	Nil
Plant and machinery	5% - 33% straight line
Fixtures, fittings & equipment	10% - 33% straight line
Motor vehicles	25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible 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.

1 Accounting policies (continued)

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.

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

The company measures biological assets at cost less accumulated depreciation and accumulated impairment losses.

In respect of agricultural produce harvested from a biological asset, this is measured at the point of harvest at either;

- lower of cost and estimated selling price less costs to complete and sell; or
- fair value less costs to sell with any gain or loss arising on initial recognition of agricultural produce at fair value less costs to sell being included in profit or loss.

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

1.8 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1 Accounting policies (continued)

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.10 Equity instruments

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

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

1 Accounting policies (continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 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.

1.13 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

1 Accounting policies (continued)

1.14 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

1.16 Government grants

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

1.17 Preference shares

The company's preference shares are treated as financial liabilities of the company under FRS 102 . All dividends are accordingly classified as interest payments.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 6 (2016 - 5).

3 Intangible fixed assets

	Government grants
	£
Cost	
At 1 November 2016 and 31 October 2017	174,888
Amortisation and impairment	
At 1 November 2016	34,978
Amortisation charged for the year	34,978
At 31 October 2017	69,956
Carrying amount	
At 31 October 2017	104,932
At 31 October 2016	139,910

The Basic Payment Scheme units were valued at initial award in 2015 at £174,888. The scheme will run until December 2020 therefore the useful life is 5 years. The units will be amortised over this time.

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	2017	2016
	£	£
Cost	-	-
Accumulated amortisation	-	-
Carrying value	-	-

4 Tangible fixed assets

	Land and buildings Freehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 November 2016	5,466,069	2,684,047	32,417	84,886	8,267,419
Additions	-	651,076	717	47,484	699,277
Disposals	-	(326,263)	-	(40,030)	(366,293)
At 31 October 2017	5,466,069	3,008,860	33,134	92,340	8,600,403
Depreciation and impairment					
At 1 November 2016	67,297	648,249	27,106	32,817	775,469
Depreciation charged in the year	-	381,204	1,799	23,695	406,698
Eliminated in respect of disposals	-	(237,625)	-	(21,530)	(259,155)
At 31 October 2017	67,297	791,828	28,905	34,982	923,012
Carrying amount					
At 31 October 2017	5,398,772	2,217,032	4,229	57,358	7,677,391
At 31 October 2016	5,398,772	2,035,798	5,311	52,069	7,491,950

5 Investment properties

	2017
	£
Fair value	
At 1 November 2016 and 31 October 2017	980,000

The fair value of the investment property has been arrived at on the basis of a valuation carried out by the directors of the company. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties.

5 Investment properties (continued)

If investment properties were stated on an historical cost basis rather than a fair value basis, the amounts would have been included as follows:

	2017	2016
	£	£
Cost	598,490	598,490
Accumulated depreciation	-	-
Carrying amount	598,490	598,490

6 Stocks

	2017	2016
	£	£
Biological assets	354,901	626,935
Other stock	100,802	72,002
	455,703	698,937

7 Debtors

	2017	2016
Amounts falling due within one year:	£	£
Trade debtors	101,552	69,675
Other debtors	310,816	147,045
	412,368	216,720
Amounts falling due after more than one year:		
Other debtors	-	295,050
Total debtors	412,368	511,770

8 Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	170,076	100,556
Corporation tax	85,488	48,412
Other taxation and social security	75,713	7,368
Other creditors	439,400	261,789
	770,677	418,125

The company has granted a floating charge in favour of the Clydesdale Bank PLC, in respect of all present and future obligations and liabilities.

9 Creditors: amounts falling due after more than one year

	2017	2016
	£	£
Other creditors	344,433	319,610

10 Called up share capital

	2017	2016
	£	£
Ordinary share capital		
Issued and fully paid		
20,000 Ordinary shares of £1 each	20,000	20,000

11 Reconciliations on adoption of FRS 102

Reconciliation of equity

	Notes	1 November 2015 £	31 October 2016 £
Equity as reported under previous UK GAAP		8,240,993	8,542,880
Adjustments arising from transition to FRS 102:			
Fair value of investment property	(a)	381,510	381,510
Basic payment scheme entitlements	(b)	-	139,910
Government grant	(b)	-	(139,910)
Deferred tax	(c)	(42,957)	(42,957)
Equity reported under FRS 102		8,579,546	8,881,433

Reconciliation of profit for the financial period

	2016 £
Profit as reported under previous UK GAAP and under FRS 102	301,888

Notes to reconciliations on adoption of FRS 102

(a) Investment properties
Under previous UK GAAP, investment properties were measured at cost. Under FRS 102, the Company is required to hold the investment properties at fair value with any adjustments recognised through the profit and loss account. The impact is to increase valuation by £381,510 at 1 November 2015 and 31 October 2016.

(b) Basic Payment Scheme
Under previous UK GAAP, there was no requirement to value the Basic Payment Scheme units. Under FRS 102, the company is required to measure at fair value all intangible assets including the Basic Payment Scheme units. As the units are shown as an intangible asset and a corresponding deferred Government Grant there is no impact to reserves from this adjustment.

(c) Deferred tax
Under previous UK GAAP, there was no requirement to calculate deferred tax in respect of all timing differences. Under FRS102, the Company is required to include the deferred tax on all timing differences. The impact is to reduce the reserves by £42,957 for the Company at 1 November 2015 and 31 October 2016.