

Company Registration No. SC207645 (Scotland)

**FOVERAN HOTEL LIMITED**  
**UNAUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**  
**PAGES FOR FILING WITH REGISTRAR**

# FOVERAN HOTEL LIMITED

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## **FOVERAN HOTEL LIMITED**

### **REPORT TO THE DIRECTORS ON THE PREPARATION OF THE UNAUDITED STATUTORY ACCOUNTS OF FOVERAN HOTEL LIMITED**

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In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Foveran Hotel Limited for the year ended 30 June 2020 which comprise, the Balance Sheet and the related notes from the company's accounting records and from information and explanations you have given us.

As a practising member firm of the ICAS we are subject to its ethical and other professional requirements which are detailed at <https://www.icas.com/FrameworkforthePreparationofAccounts>.

This report is made solely to the Board of Directors of Foveran Hotel Limited, as a body, in accordance with the terms of our engagement letter dated 12 September 2008. Our work has been undertaken solely to prepare for your approval the financial statements of Foveran Hotel Limited and state those matters that we have agreed to state to the Board of Directors of Foveran Hotel Limited, as a body, in this report in accordance with the requirements of the ICAS as detailed at

<https://www.icas.com/professional-resources/practice/support-and-guidance/framework-for-the-preparation-of-accounts-revised-january-2019>  
To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Foveran Hotel Limited and its Board of Directors as a body, for our work or for this report.

It is your duty to ensure that Foveran Hotel Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and profit of Foveran Hotel Limited. You consider that Foveran Hotel Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of Foveran Hotel Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.

**A.J.B. Scholes Limited**

24 August 2020

**Chartered Accountants**

8 Albert Street  
Kirkwall  
Orkney  
KW15 1HP

# FOVERAN HOTEL LIMITED

## BALANCE SHEET

AS AT 30 JUNE 2020

	Notes	2020 £	£	2019 £	£
<b>Fixed assets</b>					
Tangible assets	3		627,325		644,127
<b>Current assets</b>					
Stocks		8,768		10,346	
Debtors	4	2,103		12,571	
Cash at bank and in hand		148,214		200,037	
		<u>159,085</u>		<u>222,954</u>	
<b>Creditors: amounts falling due within one year</b>	5	<u>(119,951)</u>		<u>(197,833)</u>	
<b>Net current assets</b>			39,134		25,121
<b>Total assets less current liabilities</b>			<u>666,459</u>		<u>669,248</u>
<b>Creditors: amounts falling due after more than one year</b>	6		(9,828)		(9,828)
<b>Provisions for liabilities</b>	7		(23,840)		(24,124)
<b>Deferred grants</b>	8		(18,302)		(19,448)
<b>Net assets</b>			<u>614,489</u>		<u>615,848</u>
<b>Capital and reserves</b>					
Called up share capital	9		7		7
Share premium account			150,000		150,000
Profit and loss reserves			<u>464,482</u>		<u>465,841</u>
<b>Total equity</b>			<u>614,489</u>		<u>615,848</u>

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 30 June 2020 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 Companies Act 2006 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.

## **FOVERAN HOTEL LIMITED**

### **BALANCE SHEET (CONTINUED)**

***AS AT 30 JUNE 2020***

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The financial statements were approved by the board of directors and authorised for issue on 24 August 2020 and are signed on its behalf by:

H S Doull  
**Director**

**Company Registration No. SC207645**

# FOVERAN HOTEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 30 JUNE 2020**

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### **1 Accounting policies**

#### **Company information**

Foveran Hotel Limited is a private company limited by shares incorporated in Scotland. The registered office is Foveran Hotel, St Ola, Kirkwall, Orkney, KW15 1SF.

#### **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. The principal accounting policies adopted are set out below.

#### **1.2 Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT.

Revenue from the provision of accommodation is recognised when the service has been provided. Revenue from sales of food and drink in the bar and restaurant are recognised at the time of supply.

#### **1.3 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	2% straight line basis
Plant and machinery	20% reducing balance basis/ 5% straight line basis (wind turbine)
Fixtures, fittings & equipment	15% reducing balance basis

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.

#### **1.4 Impairment of fixed assets**

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

# FOVERAN HOTEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

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### 1 Accounting policies

(Continued)

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.

#### 1.5 Stocks

Stocks are stated at the lower of cost and estimated selling price. Cost comprises direct materials for resale, and certain items held for consumption in the course of normal trade.

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.

#### 1.6 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.7 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 and cash and bank balances, are initially measured at transaction price. Financial assets classified as receivable within one year are not amortised.

##### **Impairment of financial assets**

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

##### **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.

# FOVERAN HOTEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

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### 1 Accounting policies

(Continued)

#### **Basic financial liabilities**

Basic financial liabilities, including creditors and bank loans, 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.

#### **1.8 Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

#### **1.9 Taxation**

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

##### **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. Deferred tax is charged or credited in the profit and loss account. 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.

#### **1.10 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.

#### **1.11 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.



# FOVERAN HOTEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

### 1 Accounting policies

(Continued)

#### 1.12 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.

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

### 2 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020 Number	2019 Number
Total	39	41

### 3 Tangible fixed assets

	Land and buildings	Plant and machinery etc	Total
	£	£	£
<b>Cost</b>			
At 1 July 2019	687,828	219,157	906,985
Additions	-	13,015	13,015
Disposals	-	(10,000)	(10,000)
At 30 June 2020	687,828	222,172	910,000
<b>Depreciation and impairment</b>			
At 1 July 2019	113,423	149,435	262,858
Depreciation charged in the year	13,754	10,946	24,700
Eliminated in respect of disposals	-	(4,883)	(4,883)
At 30 June 2020	127,177	155,498	282,675
<b>Carrying amount</b>			
At 30 June 2020	560,651	66,674	627,325
At 30 June 2019	574,405	69,722	644,127

# FOVERAN HOTEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

<b>4 Debtors</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Amounts falling due within one year:		
Trade debtors	725	-
Other debtors	1,378	12,571
	<u>2,103</u>	<u>12,571</u>

<b>5 Creditors: amounts falling due within one year</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Trade creditors	2,129	32,768
Taxation and social security	43,549	64,128
Other creditors	74,273	100,937
	<u>119,951</u>	<u>197,833</u>

Creditors falling due within one year include loans from the directors of £nil (2019: £41,845) which are non interest bearing and not subject to any formal repayment terms.

The company has granted a bond and floating charge in favour of The Royal Bank of Scotland PLC as security for sums borrowed from the bank.

<b>6 Creditors: amounts falling due after more than one year</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Other creditors	9,828	9,828
	<u>9,828</u>	<u>9,828</u>

Creditors which fall due after five years are as follows:	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Payable other than by instalments	9,828	9,828
	<u>9,828</u>	<u>9,828</u>

<b>7 Provisions for liabilities</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Deferred tax liabilities	23,840	24,124
	<u>23,840</u>	<u>24,124</u>

## FOVERAN HOTEL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

#### 8 Deferred grants

	2020 £	2019 £
Arising from government grants	18,302	19,448

The company received grants towards the acquisition of certain tangible assets. These grants are initially deferred and then released to the profit and loss account in line with the consumption of the assets to which they relate.

#### 9 Called up share capital

	2020 £	2019 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
1 Ordinary A1 shares of £1 each	1	1
1 Ordinary A2 shares of £1 each	1	1
1 Ordinary B1 shares of £1 each	1	1
1 Ordinary B2 shares of £1 each	1	1
1 Ordinary A3 shares of £1 each	1	1
1 Ordinary A4 shares of £1 each	1	1
1 Ordinary B3 shares of £1 each	1	1
	<u>7</u>	<u>7</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.