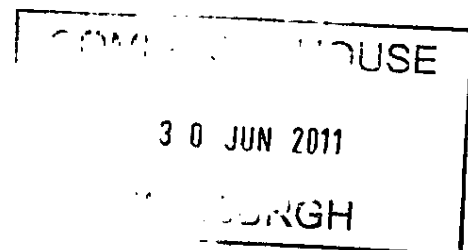
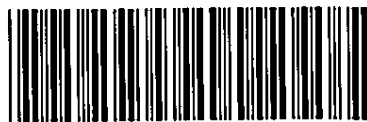


REGISTERED NUMBER: SC267043

**Report of the Directors and
Financial Statements for the Year Ended 30 September 2010
for
Airth Castle Limited**



THURSDAY



SCT 30/06/2011 919
COMPANIES HOUSE

A handwritten signature or mark, possibly a stylized 'L' or 'J', located in the bottom right corner of the page.

Airth Castle Limited (Registered number: SC267043)

**Contents of the Financial Statements
for the Year Ended 30 September 2010**

	Page
Company Information	1
Report of the Directors	2
Report of the Independent Auditors	7
Profit and Loss Account	8
Balance Sheet	9
Cash Flow Statement	10
Notes to the Cash Flow Statement	11
Notes to the Financial Statements	13
The following pages do not form part of the audited financial statements;	
Trading and Profit and Loss Account	21



Airth Castle Limited
Company Information
for the Year Ended 30 September 2010

DIRECTORS:	F Colombetti R Granello S McLeod
SECRETARY:	Lincoln Secretaries Limited Dalmore House 310 St Vincent Street Glasgow G2 5QR
REGISTERED OFFICE:	Airth Castle Hotel Airth Stirlingshire FK2 8JF
REGISTERED NUMBER:	SC267043
AUDITORS:	Baker Tilly UK Audit LLP Breckenridge House 274 Sauchiehall Street Glasgow G2 3EH
ACCOUNTANTS:	Ogilvie & Company 25 Rutland Square Edinburgh EH1 2BW

Airth Castle Limited (Registered number: SC267043)

**Report of the Directors
for the Year Ended 30 September 2010**

The directors present their report with the financial statements of the company for the year ended 30 September 2010.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of providing hotel, conference and leisure facilities.

REVIEW OF BUSINESS

Annual Report from the Chief Executive 2010

The company continues to perform very strongly and has achieved another stand-out trading performance in very turbulent and volatile market conditions. The company has delivered another set of well-respected results with turnover continuing to reach outstanding all time high levels.

The financial results for the 52 weeks ended 30th September 2010 are contained in the profit and loss account on page 8 of the attached accounts. Turnover for the year was €6,383,586, an increase of 5% based on the previous year's performance.

We are very proud of our achievements over the past 6 years, and feel that we are well prepared for the very challenging and cautious future in which we operate. Our business has continued to demonstrate strong sustainable growth and continued improvement in operating cashflows, and the robust foundations we have been building over the past 6 years have undoubtedly provided our platform for this strong growth. We do however appreciate the challenging times and we forecast challenging times to continue over the forthcoming three years.

This trading performance and outstanding business management has been achieved through the inspiring and entrepreneurial approach of the company's Chief Executive Steven McLeod who is unquestionably one of Scotland's most dynamic hoteliers, and his very valued team of people.

The Capital expenditure programme is evidence of the company's confidence in the future and the company will be maintaining its investment in constantly upgrading our public areas and bedroom stock and continue the Capital expenditure programme within the company at a pace in line with financial performance of the company. The company remains focussed on achieving outstanding returns by developing its assets and continually improving its quality and standards.

The forthcoming year it is anticipated that the company will appreciate some of the challenges that the Scottish Hotel sector has experienced and we shall see sales realistically stabilise at respected levels.

This, coupled with the on-going improvement in our brand perception and a continued drive towards excellence in service, will without doubt contribute to the future growth of the business. The hotel regained its 4 Star Visit Scotland Rating.

On-going and potential Risks to the business include:

Financial Risk

The company's principal financial instruments comprise of cash and bank loan. Other financial assets and liabilities, such as trade debtors and trade creditors arise directly from the company's operating activities.

The company is exposed to the usual credit risk and cash flow movement involved with selling on credit and we manage this through our internal standards policy on Credit. The company aims to minimise Credit risk by maintaining strong relationships with our key customers, also constant monitoring to ensure that credit terms are granted only to customers who demonstrate an appropriate payment history and satisfy our internal standards policy on credit check parameters and procedures.

The policy is to finance the on-going working capital through its retained earnings and finance fixed assets through a combination of long term borrowing on fixed rates, also through the retained earnings of the company.

Interest Rate Risk

The business has borrowings on the long term mortgage in Euro's with its partner bank Banca Veneto.
The company enjoys a very good relationship with its principal banking partner.

Airth Castle Limited (Registered number: SC267043)

**Report of the Directors
for the Year Ended 30 September 2010**

Exchange Rate Risk

The business term loan is funded in Euro's currently. The Euro over the past financial year has experienced an exceptionally turbulent time and we have seen the Euro reach an all-time high against Sterling since it was launched in January 1999. This situation will be monitored very closely by the directors of the company and of course it's principal funding partner Banca Veneto.

Liquidity Risk

The company aims to mitigate liquidity risk by forecasting requirements and managing cash generated by its on-going operations. The company aims to maintain a balance between continuity of funding and flexibility through effective use of its bank loan. The business currently has no overdraft facilities, however we shall monitor operations moving forward and should we require this facility we shall review this at the time. All capital expenditure is planned and only carried out when the on-going successful performance of the company dictates this.

Economic Recession & Credit Crisis

The business continues to operate in an industry that is impacted by customer spending levels. It is forecasted that the economy shall continue to experience very challenging times in the immediate future with the forecasted credit crunch. It is very important that we continue to keep our eyes wide open and capitalise on our core Values and Integrity and to realise the importance of our very dynamic business maintain our activity in the market place to secure our long term position as a premier select hotel venue.

Constantly aiming to "raise the bar" on every opportunity and deliver quality and excellence consistently should secure position in the future, however the rising cost of consumables is very concerning with prices of raw materials rising to wholly unacceptable levels.

Food, Beverage, Electricity, Gas, Wage Costs as well as general day to day supplies have elevated to price levels which we have never experienced before.

Changes to Government Regulations

The continuous, frustrating and in most cases inappropriate changes to legislation by government rules cost the business substantially each year. We must monitor and manage these changes to the best of our ability and control to ensure that the future continues to be seamless. Challenges like on-going increase to the Minimum Wage structure and the propositions for "bed tax" are challenging for the business but we remain confident that we can manage these changes.

Disaster / Disruption

We appreciate disaster planning within the business and are currently producing a detailed disaster and crisis manual through the business. This highlights most if not all potential disasters that could happen to the business and a description of how this could be controlled or managed with minimum disruption to the business.

Competitive Risk

The company continues to operate in very competitive times with on-going product development, new build hotels and overall substantial local investment in our competitive set and local area; this will without doubt over time possibly have a competitor effect at some point on our business trading.

Our focus on High Standards and unparalleled quality remain top of our agenda and one of our key values which i strongly believe set the distance between us and our current competitors.

It is also critical that we capitalise on the diversity of our operations and continue with our planned investment programme to underpin our commitment in business.

We have invested within the year on improvements within the business which have without doubt helped us maintain our competitive advantage and deliver outstanding returns. We will continue to do adopt this strategy moving forward.

Our key areas of Strategic development and performance of the business include:

Our People

We clearly understand that our biggest asset within the business is our people. We will continue to invest in training and development programmes and continue to underpin our investment in our people. The company places considerable value on the involvement of all its employees and always keeps them informed on matters affecting them.

**Report of the Directors
for the Year Ended 30 September 2010**

Employees are consulted regularly on a wide spectrum of matters and policies affecting them including their future interests, also financial and economic factors affecting the performance of the company. This is communicated through a series of planned meetings on a regular basis.

The company will always treat its employees fairly.

Disabled Employees

The company always gives full consideration to applications for employment from disabled persons where a handicapped or disabled person can handle the requirements for the job.

Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under the normal terms and conditions and to provide training, career development and promotion where appropriate.

Sales & Marketing

Significant focus is being placed on maintaining existing key customer relationships and monitoring these closely. New markets are being tapped into with the view to winning new business on every occasion. The business has a very entrepreneurial sales approach coupled with an element of flexibility and a very robust sales plan to take it forward over the forthcoming years. We are confident that we are becoming our Clients number one choice for a business venue in Central Scotland.

Environment

New methods of achieving greater environmental effectiveness are being investigated. We have recently appointed advisors to assist us with the on-going challenges that face the business in the forthcoming year. We have a duty to ourselves to manage the on-going rise of environmental challenges and energy costs. We also would like in the future to have a serious reputation as a reputable Green business.

Competitive Advantage

The competitive edge in the coming decades will be held by us as we continue to tap into new life-driven sources of inspiration, creativity and vitality.

The company prides itself in exceeding customer expectations always and is dedicated to setting new inspiring standards within the hotel industry. We focus constantly on areas which deliver for us a competitive advantage in the Four Star Hotel market.

Our people, Quality and a perception of being good value are paramount in maintaining our strong position within the market place; this in turn shall contribute to the sustainability of business growth as

Well as long term positive cash flow potential.

Development

We will continue our planned development programme in line with the business successes and strength. Capitalising on our potential development areas within the business also the long term vision and strategies of Steven McLeod, this will without any doubt guarantee our strong position in the market place moving forward.

IT Systems

The business will continue to invest in its IT systems moving forward. We appreciate the importance of having a sustainable and very intelligent IT system to assist us with the managing of the business. We have invested substantially in IT and have replaced all computers and installed a new advanced server within the business, and have a continued planned investment to replace our current Micros system with Micros Fidelio Opera, Sales & Catering and Spa package. This is a Global management system that is used by many World Class hotel operations.

Sage accounting system was installed as the main accounting system; this replaced our previous Pegasus system. It is working very well within the business as a reporting and forecast tool for the business.

Airth Castle Limited (Registered number: SC267043)

**Report of the Directors
for the Year Ended 30 September 2010**

Internal Control Systems & Policy Procedures

The business appreciates the requirement for internal control procedures for all areas especially areas with financial responsibility. We have in place an on-going library of standards manuals for control procedures and these are trained in to the business and are policed via checks and internal audit procedures.

The manuals give clear instruction to policy and mention in many areas "Zero Tolerance" with the guidelines in the manuals being applied as a given and general instruction to be followed.

We also use external audit facilities for the management of our Liquor stocks within the business.

Steven McLeod
Chief Executive
Airth Castle Limited

DIVIDENDS

No dividends will be distributed for the year ended 30 September 2010.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 October 2009 to the date of this report.

F Colombetti
R Granello
S McLeod

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year charitable donations were made to the following:

Prince & Princess of Wales Hospice	€4,606
Enable	€2,648
Bannockburn Riding for the Disabled	€3,702

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing 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). 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.

Airth Castle Limited (Registered number: SC267043)

**Report of the Directors
for the Year Ended 30 September 2010**

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

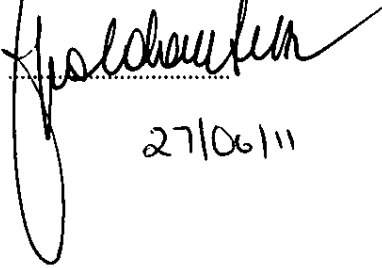
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant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

AUDITORS

The auditors, Baker Tilly UK Audit LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

F Colombetti - Director



27/06/11

**Report of the Independent Auditors to the Shareholders of
Airth Castle Limited**

We have audited the financial statements of Airth Castle Limited for the year ended 30 September 2010 on pages eight to twenty. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page five, 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 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

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 30 September 2010 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

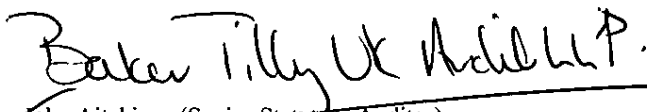
Opinion on other matter prescribed by the Companies Act 2006

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

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.



Alan John Aitchison (Senior Statutory Auditor)
for and on behalf of Baker Tilly UK Audit LLP, Statutory Auditor
Chartered Accountants
Breckenridge House
274 Sauchiehall Street
Glasgow
G2 3EH

30/06/11

Airth Castle Limited (Registered number: SC267043)

**Profit and Loss Account
for the Year Ended 30 September 2010**

	Notes	2010 €	2009 €
TURNOVER		6,383,586	6,051,936
Cost of sales		<u>3,169,714</u>	<u>2,908,241</u>
GROSS PROFIT		3,213,872	3,143,695
Administrative expenses		<u>2,770,608</u>	<u>3,097,666</u>
		443,264	46,029
Other operating income		<u>5,915</u>	<u>-</u>
OPERATING PROFIT	3	449,179	46,029
Interest receivable and similar income		<u>138</u>	<u>1,290</u>
		449,317	47,319
Interest payable and similar charges	4	<u>375,640</u>	<u>438,712</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		73,677	(391,393)
Tax on profit/(loss) on ordinary activities	5	<u>109,500</u>	<u>(145,500)</u>
LOSS FOR THE FINANCIAL YEAR		<u>(35,823)</u>	<u>(245,893)</u>

CONTINUING OPERATIONS

The operating profit for the year, and the previous period, arises from the company's continuing operations.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the losses for the current year or previous year.



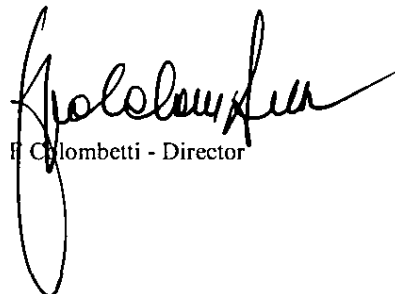
The notes form part of these financial statements

Airth Castle Limited (Registered number: SC267043)

Balance Sheet
30 September 2010

	Notes	2010 €	2009 €
FIXED ASSETS			
Intangible assets	6	2,970,760	3,199,323
Tangible assets	7	<u>9,945,817</u>	<u>9,978,783</u>
		12,916,577	13,178,106
CURRENT ASSETS			
Stocks	8	55,274	53,139
Debtors	9	866,531	494,801
Cash at bank and in hand		<u>129,682</u>	<u>204,743</u>
		1,051,487	752,683
CREDITORS			
Amounts falling due within one year	10	<u>1,149,101</u>	<u>1,163,955</u>
NET CURRENT LIABILITIES		<u>(97,614)</u>	<u>(411,272)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		12,818,963	12,766,834
CREDITORS			
Amounts falling due after more than one year	11	(12,618,143)	(12,639,691)
PROVISIONS FOR LIABILITIES	15	<u>(145,500)</u>	<u>(36,000)</u>
NET ASSETS		<u>55,320</u>	<u>91,143</u>
CAPITAL AND RESERVES			
Called up share capital	16	176,952	176,952
Profit and loss account	17	<u>(121,632)</u>	<u>(85,809)</u>
SHAREHOLDERS' FUNDS	21	<u>55,320</u>	<u>91,143</u>

The financial statements were approved & authorised for issue by the Board of Directors on 27/06/11 and were signed on its behalf by:


F. Colombetti - Director

The notes form part of these financial statements

Airth Castle Limited (Registered number: SC267043)

**Cash Flow Statement
for the Year Ended 30 September 2010**

	Notes	2010 €	2009 €
Net cash inflow from operating activities	1	803,669	679,924
Returns on investments and servicing of finance	2	(375,502)	(437,422)
Capital expenditure	2	(483,131)	(379,864)
		(54,964)	(137,362)
Financing	2	(20,097)	304,453
(Decrease)/Increase in cash in the period		<u>(75,061)</u>	<u>167,091</u>
<hr/>			
Reconciliation of net cash flow to movement in net debt	3		
(Decrease)/Increase in cash in the period		(75,061)	167,091
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing		<u>20,098</u>	<u>(304,452)</u>
Change in net debt resulting from cash flows		<u>(54,963)</u>	<u>(137,361)</u>
Movement in net debt in the period		<u>(54,963)</u>	<u>(137,361)</u>
Net debt at 1 October		<u>(12,457,402)</u>	<u>(12,320,041)</u>
Net debt at 30 September		<u><u>(12,512,365)</u></u>	<u><u>(12,457,402)</u></u>

The notes form part of these financial statements

Airth Castle Limited (Registered number: SC267043)

**Notes to the Cash Flow Statement
for the Year Ended 30 September 2010**

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2010	2009
	€	€
Operating profit	449,179	46,029
Depreciation charges	735,027	871,441
Loss on disposal of fixed assets	9,632	10,900
Increase in stocks	(2,135)	(232)
Increase in debtors	(371,730)	(15,414)
Decrease in creditors	<u>(16,304)</u>	<u>(232,800)</u>
Net cash inflow from operating activities	<u>803,669</u>	<u>679,924</u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2010	2009
	€	€
Returns on investments and servicing of finance		
Interest received	138	1,290
Interest paid	(520,226)	(520,226)
Interest element of hire purchase payments	(3,094)	(2,111)
Finance costs	<u>147,680</u>	<u>83,625</u>
Net cash outflow for returns on investments and servicing of finance	<u>(375,502)</u>	<u>(437,422)</u>
Capital expenditure		
Purchase of tangible fixed assets	(496,267)	(403,597)
Sale of tangible fixed assets	<u>13,136</u>	<u>23,733</u>
Net cash outflow for capital expenditure	<u>(483,131)</u>	<u>(379,864)</u>
Financing		
Overdraft advanced in year	(232)	185,015
Interest accrued but unpaid	-	56,901
Capital repayments on HP in year	<u>(19,865)</u>	<u>62,537</u>
Net cash (outflow)/inflow from financing	<u>(20,097)</u>	<u>304,453</u>

The notes form part of these financial statements

Airth Castle Limited (Registered number: SC267043)

Notes to the Cash Flow Statement
for the Year Ended 30 September 2010

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.10.09 €	Cash flow €	At 30.9.10 €
Net cash:			
Cash at bank and in hand	<u>204,743</u>	<u>(75,061)</u>	<u>129,682</u>
	<u>204,743</u>	<u>(75,061)</u>	<u>129,682</u>
Debt:			
Hire purchase	(62,537)	19,865	(42,672)
Debts falling due after one year	<u>(12,599,608)</u>	<u>233</u>	<u>(12,599,375)</u>
	<u>(12,662,145)</u>	<u>20,098</u>	<u>(12,642,047)</u>
Total	<u>(12,457,402)</u>	<u>(54,963)</u>	<u>(12,512,365)</u>

The notes form part of these financial statements



**Notes to the Financial Statements
for the Year Ended 30 September 2010**

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention.

Going concern

The Directors have reviewed trading forecasts for the next 12 months, their capital development programme and their banking arrangements. The bank funding is through a long term loan provided until 2024, secured over the shares of the company, and is repayable on an interest only basis until March 2012. Whilst there is an ongoing cyclical refurbishment programme, in keeping with the high quality facilities offered by the Company, further major capital developments can be timed at the discretion of the Directors based on the availability of funds. The most recent forecasts show continued stable trading within the business and, as such, the Directors have assured that the Company is able to continue to meet its obligations as they fall due out of current available facilities. On this basis, the Directors consider it appropriate to continue to prepare the financial statements on a going concern basis.

Turnover

Turnover represents net invoiced sales of services, excluding value added tax.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2005, is being amortised evenly over its estimated useful life of twenty years.

The Directors have taken the decision to increase the estimated useful life of goodwill from 15 years to 20 years during the year. The amortisation charge for the year reflects the revised useful life, with the brought forward cumulative total of amortisation remaining at the previous rate. No prior year adjustment has been made.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Fixtures and Fittings - 12% on cost
Motor vehicles - 25% on cost
Computer equipment - 25% on cost

The Directors have taken the decision in the year to write off Fixtures & Fittings at 12% on cost. Up to 30 September 2009 the rate was 15% on cost. The Directors believe that this more accurately reflects the economic life of the assets. No prior year adjustment has been made and the brought forward cumulative depreciation remains at the previous rate.

No depreciation is provided on freehold property as, in the opinion of the directors, the length of its estimated useful life and estimated residual value of the property is such that depreciation would not be material. Costs of repairs and maintenance are charged against revenue as incurred.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred tax

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

Airth Castle Limited (Registered number: SC267043)

**Notes to the Financial Statements - continued
for the Year Ended 30 September 2010**

1. ACCOUNTING POLICIES - continued

Foreign currencies

The directors believe that from 1 October 2006, the functional currency of the company is the Euro. Transactions denominated in foreign currencies are translated into the functional currency. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates ruling at that date. The euro/sterling exchange rate at year end was €1 = £0.8608.

The opening balances in the balance sheet have been translated at the historic rate. The difference arising from the translation of the opening balances are taken direct to reserves.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

Financial Instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Management of Liquid Resources

Cash and cash equivalent comprise in hand and on deposit and are subject to an insignificant risk of change in value.

2. STAFF COSTS

	2010	2009
	€	€
Wages and salaries	2,208,081	2,173,819
Social security costs	172,763	181,488
Other pension costs	42,247	42,042
	<u>2,423,091</u>	<u>2,397,349</u>

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

	2010	2009
Hotel and leisure club	<u>116</u>	<u>108</u>

Airth Castle Limited (Registered number: SC267043)

**Notes to the Financial Statements - continued
for the Year Ended 30 September 2010**

3. OPERATING PROFIT

The operating profit is stated after charging:

	2010	2009
	€	€
Depreciation - owned assets	484,971	524,808
Depreciation - assets on hire purchase contracts	21,494	41,730
Loss on disposal of fixed assets	9,632	10,900
Goodwill amortisation	228,563	304,903
Auditors' remuneration	<u>10,363</u>	<u>10,313</u>
 Directors' remuneration	 121,932	 370,155
Directors' pension contributions to money purchase schemes	<u>42,247</u>	<u>42,042</u>

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

Money purchase schemes	<u>1</u>	<u>1</u>
------------------------	----------	----------

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2010	2009
	€	€
Mortgage	520,226	520,226
Hire purchase	3,094	2,111
(Gain)/Loss foreign exchange	<u>(147,680)</u>	<u>(83,625)</u>
	<u>375,640</u>	<u>438,712</u>

5. TAXATION

Analysis of the tax charge/(credit)

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

	2010	2009
	€	€
Deferred tax	<u>109,500</u>	<u>(145,500)</u>
Tax on profit/(loss) on ordinary activities	<u>109,500</u>	<u>(145,500)</u>

Airth Castle Limited (Registered number: SC267043)

Notes to the Financial Statements - continued
for the Year Ended 30 September 2010

6. INTANGIBLE FIXED ASSETS

	Goodwill €
COST	
At 1 October 2009 and 30 September 2010	<u>4,571,260</u>
AMORTISATION	
At 1 October 2009	1,371,937
Amortisation for year	<u>228,563</u>
At 30 September 2010	<u>1,600,500</u>
NET BOOK VALUE	
At 30 September 2010	<u>2,970,760</u>
At 30 September 2009	<u>3,199,323</u>

7. TANGIBLE FIXED ASSETS

	Freehold property €	Fixtures and fittings €	Motor vehicles €	Computer equipment €	Totals €
COST					
At 1 October 2009	8,159,806	3,430,264	55,520	145,937	11,791,527
Additions	204,208	282,821	-	9,238	496,267
Disposals	-	(109,272)	-	-	(109,272)
At 30 September 2010	<u>8,364,014</u>	<u>3,603,813</u>	<u>55,520</u>	<u>155,175</u>	<u>12,178,522</u>
DEPRECIATION					
At 1 October 2009	-	1,773,519	15,155	24,070	1,812,744
Charge for year	-	455,026	13,767	37,672	506,465
Eliminated on disposal	-	(86,504)	-	-	(86,504)
At 30 September 2010	-	<u>2,142,041</u>	<u>28,922</u>	<u>61,742</u>	<u>2,232,705</u>
NET BOOK VALUE					
At 30 September 2010	<u>8,364,014</u>	<u>1,461,772</u>	<u>26,598</u>	<u>93,433</u>	<u>9,945,817</u>
At 30 September 2009	<u>8,159,806</u>	<u>1,656,745</u>	<u>40,365</u>	<u>121,867</u>	<u>9,978,783</u>

Airth Castle Limited (Registered number: SC267043)

**Notes to the Financial Statements - continued
for the Year Ended 30 September 2010**

7. TANGIBLE FIXED ASSETS - continued

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Fixtures and fittings €	Motor vehicles €	Computer equipment €	Totals €
COST				
At 1 October 2009	50,648	24,636	61,341	136,625
Disposals	<u>(50,648)</u>	<u>-</u>	<u>-</u>	<u>(50,648)</u>
At 30 September 2010	<u>-</u>	<u>24,636</u>	<u>61,341</u>	<u>85,977</u>
DEPRECIATION				
At 1 October 2009	50,648	2,566	12,574	65,788
Charge for year	-	6,159	15,335	21,494
Eliminated on disposal	<u>(50,648)</u>	<u>-</u>	<u>-</u>	<u>(50,648)</u>
At 30 September 2010	<u>-</u>	<u>8,725</u>	<u>27,909</u>	<u>36,634</u>
NET BOOK VALUE				
At 30 September 2010	<u>-</u>	<u>15,911</u>	<u>33,432</u>	<u>49,343</u>
At 30 September 2009	<u>-</u>	<u>22,070</u>	<u>48,767</u>	<u>70,837</u>

8. STOCKS

	2010 €	2009 €
Stocks	<u>55,274</u>	<u>53,139</u>

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 €	2009 €
Trade debtors	213,024	171,917
Other debtors	43,840	65,449
Prepayments and accrued income	<u>609,667</u>	<u>257,435</u>
	<u>866,531</u>	<u>494,801</u>

Airth Castle Limited (Registered number: SC267043)

**Notes to the Financial Statements - continued
for the Year Ended 30 September 2010**

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010	2009
	€	€
Hire purchase contracts (see note 13)	23,904	22,454
Trade creditors	322,451	312,469
Social security and other taxes	49,132	45,514
VAT	275,588	333,135
Other creditors	32,698	56,889
Accrued expenses	86,945	40,058
Advance Gym membership	6,788	7,753
Deposit Ledger	351,595	345,683
	<u>1,149,101</u>	<u>1,163,955</u>

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

	2010	2009
	€	€
Bank loans (see note 12)	12,599,375	12,599,608
Hire purchase contracts (see note 13)	18,768	40,083
	<u>12,618,143</u>	<u>12,639,691</u>

12. LOANS

An analysis of the maturity of loans is given below:

	2010	2009
	€	€
Amounts falling due in more than five years:		
Repayable by instalments		
2 – 5 years	2,600,000	-
More than 5 years	9,999,375	12,599,608
	<u>9,999,375</u>	<u>12,599,608</u>

Bank loans are repayable at rates of interest of 2.649% in the year to September 2010. Interest only repayments are made until March 2012.

13. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

	2010	2009
	€	€
Net obligations repayable:		
Within one year	23,904	22,454
Between one and five years	18,768	40,083
	<u>42,672</u>	<u>62,537</u>

Airth Castle Limited (Registered number: SC267043)

**Notes to the Financial Statements - continued
for the Year Ended 30 September 2010**

14. SECURED DEBTS

The following secured debts are included within creditors:

	2010 €	2009 €
Bank loans	<u>12,599,375</u>	<u>12,599,608</u>

The mortgage has been taken out from Banca Veneto, a bank registered in Italy. The security is the shares in the company which were pledged to the bank by Filippo Colombetti, one of the directors and shareholder.

15. PROVISIONS FOR LIABILITIES

	2010 €	2009 €
Deferred tax	<u>145,500</u>	<u>36,000</u>

	Deferred tax €
Balance at 1 October 2009	36,000
Accelerated capital allowances	<u>109,500</u>
Balance at 30 September 2010	<u>145,500</u>

Deferred tax represents advance capital allowances, offset by trading losses.

16. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2010 €	2009 €
120,000	Ordinary Shares	£1	<u>176,952</u>	<u>176,952</u>

17. RESERVES

	Profit and loss account €
At 1 October 2009	(85,809)
Deficit for the year	<u>(35,823)</u>
At 30 September 2010	<u>(121,632)</u>

Airth Castle Limited (Registered number: SC267043)

**Notes to the Financial Statements - continued
for the Year Ended 30 September 2010**

18. CAPITAL COMMITMENTS

	2010	2009
	€	€
Contracted but not provided for in the financial statements	<u>-</u>	<u>74,099</u>

19. RELATED PARTY DISCLOSURES

As at the year end there was no outstanding balance due to or from Glenbervie House Hotel Limited, Melville Castle Limited or Colessio Hotel Limited. Steven McLeod is the managing director of all three companies, but does not have a controlling interest in any.

20. ULTIMATE CONTROLLING PARTY

Dr Filippo Colombetti, who owns all the shares in the company and is a director, controls the company.

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2010	2009
	€	€
Loss for the financial year	<u>(35,823)</u>	<u>(245,893)</u>
Net reduction of shareholders' funds	(35,823)	(245,893)
Opening shareholders' funds	<u>91,143</u>	<u>337,036</u>
Closing shareholders' funds	<u>55,320</u>	<u>91,143</u>

