

Company Registration No. SC267043 (Scotland)

AIRTH CASTLE LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2017

TUESDAY



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12/06/2018
COMPANIES HOUSE

AIRTH CASTLE LIMITED

COMPANY INFORMATION

Director	F Colombetti
Company number	SC267043
Registered office	26 George Square Edinburgh Midlothian EH8 9LD

AIRTH CASTLE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2017

The director presents the strategic report for the year ended 30 September 2017.

Fair review of the business

This company formerly held the trade and assets of Airth Castle Hotel. The trade and operations were transferred to Airth Castle Hotel Limited (ACHL) on the 24th September 2015, with the company retaining the freehold in the hotel and now leasing the premises to ACHL on a long term basis.

Financial Risk

The company's principal financial instruments comprise of cash in the bank and its long term bank loan only. The company does not feel the need to work with overdraft facilities and we prefer to manage our cash flow without such additional support at the moment. The policy is to finance fixed assets through a combination of long-term borrowings on fixed rates, serviced through the retained earnings of the company.


Interest rate risk

The business has borrowings on the long term mortgage until 2035 with Veneto Banca.

Exchange rate risk

The business term loan is funded in euros currently. The Euro exchange rate will be monitored very closely by the director of the company.

On behalf of the board


F. Colombetti
Director
11/6/16

AIRTH CASTLE LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2017

The director presents his annual report and financial statements for the year ended 30 September 2017.

Principal activities

The principal activity of the company is the ownership and renting out of a hotel property.

Director

The director who held office during the year and up to the date of signature of the financial statements was as follows:

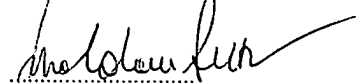
F Colombetti

Results and dividends

The results for the year are set out on page 6.

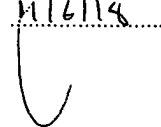
No ordinary dividends were paid. The director does not recommend payment of a final dividend.

On behalf of the board



F Colombetti

Director



AIRTH CASTLE LIMITED

DIRECTOR'S RESPONSIBILITIES STATEMENT

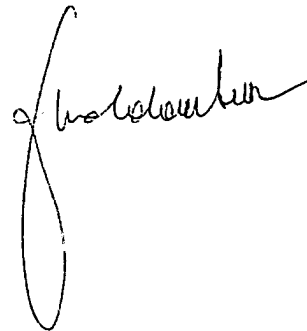
FOR THE YEAR ENDED 30 SEPTEMBER 2017

The director is responsible for preparing the Strategic Report and the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is required to:

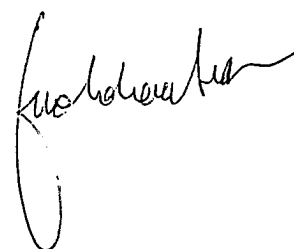
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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. He is 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**STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 30 SEPTEMBER 2017**

	Notes	2017 €	2016 €
Turnover	3	<u>400,000</u>	<u>400,000</u>
Gross profit		400,000	400,000
Administrative expenses		<u>(58,741)</u>	<u>(87,432)</u>
Operating profit/(loss)	4	341,259	312,568
Interest payable and similar charges	5	<u>(207,618)</u>	<u>(245,557)</u>
Profit/(Loss) on ordinary activities before taxation		133,641	67,011
Taxation	6	<u>(9,143)</u>	<u>(28,998)</u>
Profit/(Loss) for the financial year	16	124,498	38,013
Other comprehensive income net of taxation			
Tax relating to other comprehensive income		<u>61,409</u>	<u>119,113</u>
Total comprehensive income for the year		<u>185,907</u>	<u>157,126</u>



AIRTH CASTLE LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 30 SEPTEMBER 2017**

	Notes	2017 €	€	2016 €	€
Fixed assets					
Tangible assets	7	12,038,913		12,038,913	
Current assets					
Debtors	8	200,000		1	
Cash at bank and in hand		2,744		1,612	
		<u>202,744</u>		<u>1,613</u>	
Creditors: amounts falling due within one year	9	<u>(366,319)</u>		<u>(111,996)</u>	
Net current (liabilities)/assets			<u>(163,575)</u>		<u>(110,383)</u>
Total assets less current liabilities		11,875,338		11,928,530	
Creditors: amounts falling due after more than one year	10	(13,841,227)		(14,010,876)	
Provisions for liabilities	13	<u>(324,795)</u>		<u>(394,245)</u>	
Net liabilities		<u>(2,290,684)</u>		<u>(2,476,591)</u>	
Capital and reserves					
Called up share capital	15	176,952		176,952	
Revaluation reserve	16	3,367,883		3,367,883	
Profit and loss reserves	16	<u>(5,835,519)</u>		<u>(6,021,426)</u>	
Total equity		<u>(2,290,684)</u>		<u>(2,476,591)</u>	

For the financial year ended 30 September 2017 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

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.

The director acknowledges his responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

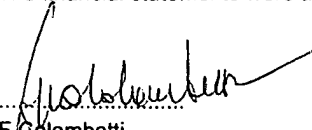
These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

AIRTH CASTLE LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2017

The financial statements were approved and signed by the director and authorised for issue on 11/6/18


.....
F. Colombetti
Director

AIRTH CASTLE LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Share capital	Revaluation reserve	Profit and loss reserves	Total
	€	€	€	€
Balance at 1 October 2015	176,952	3,367,883	(6,150,577)	(2,605,742)
Year ended 30 September 2016:				
Profit/(Loss) for the year	-	-	157,126	157,126
Other comprehensive income net of taxation:				
Tax relating to other comprehensive income	-	-	(27,975)	(27,975)
Balance at 30 September 2016	176,952	3,367,883	(6,021,426)	(2,476,591)
Year ended 30 September 2017:				
Profit/(Loss) for the year	-	-	124,498	124,498
Tax relating to other comprehensive income	-	-	61,409	61,409
Balance at 30 September 2017	176,952	3,367,883	(5,835,519)	(2,290,684)

AIRTH CASTLE LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Notes	2017 €	€	2016 €	€
Cash flows from operating activities					
Cash generated from operations	20	389,950		88,991	
Taxation		(11,551)			
Interest paid		(207,618)		(245,571)	
Net cash (outflow)/inflow from operating activities		170,781		(156,580)	
Investing activities					
Purchase of tangible fixed assets		-		(25,578)	
Net cash used in investing activities			-		(25,578)
Financing activities					
Net advance/(repayment) of bank loans		(169,649)		(154,607)	
Net cash generated from/(used in) financing activities		(169,649)		(154,607)	
Net increase/(decrease) in cash and cash equivalents		1,132		(336,765)	
Cash and cash equivalents at beginning of year		1,612		354,789	
Effect of foreign exchange rates		-		(16,412)	
Cash and cash equivalents at end of year		2,744		1,612	

AIRTH CASTLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2017

1 Accounting policies

Company information

Airth Castle Limited is a company limited by shares incorporated in Scotland. The registered office is 26 George Square, Edinburgh, Midlothian, EH8 9LD.

The company's principal activities and nature of its operations are disclosed in the Director's Report.

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.

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.

Due to the restructuring in the prior year, the new rental arrangement will ensure that the loan shall be serviced until 2035 out of rental income receivable from Airth Castle Hotel Limited.

The Directors are content that the financial statements shall continue to be prepared on a going concern basis, assuming the support of related party Airth Castle Hotel Limited.

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 and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

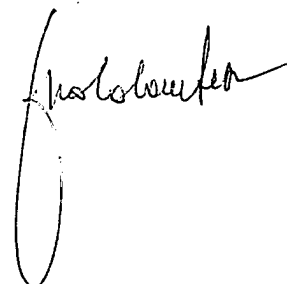
Tangible fixed assets

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

Land and buildings are not depreciated



AIRTH CASTLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

1 Accounting policies (Continued)

Freehold property is stated at open market value. 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.

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.

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.

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.

Cash and cash equivalents

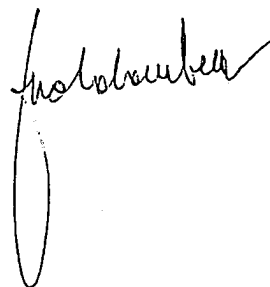
Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

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 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.



AIRTH CASTLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

1 Accounting policies (Continued)

Trade and other debtors

Trade and other debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade and other debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a trade and other debtors constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

A provision for impairment of trade and other debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade, other and inter-company debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Trade and other creditors

Trade, other and inter-company creditors are payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the instrument with a trade, other and inter-company creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of 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.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

AIRTH CASTLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

1 Accounting policies (Continued)

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. The euro/sterling exchange rate at the year end was €1 = £0.882. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

2 Judgements and key sources of estimation uncertainty

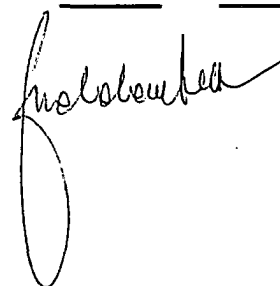
In the application of the company's accounting policies, the director is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2017 €	2016 €
Turnover analysed by class of business		
Rental	400,000	400,000
	<u>400,000</u>	<u>400,000</u>



AIRTH CASTLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

3 Turnover and other revenue (Continued)

Turnover analysed by geographical market

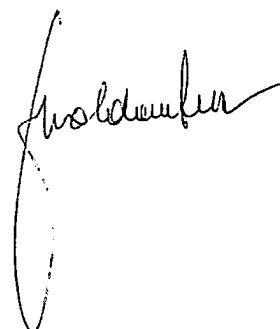
	2017	2016
	€	€
UK	<u>400,000</u>	<u>400,000</u>

4 Operating profit/(loss)

	2017	2016
	€	€
Operating profit/(loss) for the year is stated after charging/(crediting):		

Fees payable to the company's auditor for the audit of the company's financial statements

<u>-</u>	<u>6,415</u>
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AIRTH CASTLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

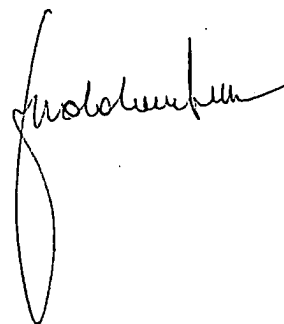
FOR THE YEAR ENDED 30 SEPTEMBER 2017

5 Interest payable and similar charges

	2017 €	2016 €
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	207,618	245,557

6 Taxation

	2017 €	2016 €
Current tax		
UK corporation tax on profits for the current period	23,147	28,998
Adjustments in respect of prior periods	(14,004)	-
Total Current Tax	9,143	28,998



AIRTH CASTLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

6 Taxation (Continued)

The charge for the year can be reconciled to the loss per the income statement as follows:

	2017 €	2016 €
Profit before taxation	84,321	67,011
Expected tax charge based on the standard rate of corporation tax in the UK of 19.50% (2016: 20.00%)	16,443	13,402
Tax effect of expenses that are not deductible in determining taxable profit	(7,300)	15,388
Under/(over) provided in prior years	-	208
Deferred tax not recognised	-	208
Tax expense for the year	9,143	28,998

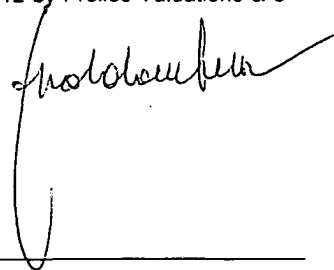
In addition to the amount charged to profit or loss, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2017 €	2016 €
Deferred tax arising on:		
Property valuations recognised as other comprehensive income	(61,409)	(119,113)

7 Tangible fixed assets

	Land and buildings Freehold €
Cost or valuation	
At 1 October 2016	12,038,913
At 30 September 2017	12,038,913
Carrying amount	
At 30 September 2017	12,038,913
At 30 September 2016	12,038,913

Land and buildings were revalued on an open market basis on 23 February 2012 by Prelios Valuations & e-Services S.p.A.



AIRTH CASTLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

7 Tangible fixed assets (Continued)

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	8,671,030	8,671,030
Accumulated depreciation	-	-
Carrying value	<u>8,671,030</u>	<u>8,671,030</u>

Freehold land and buildings with a carrying amount of £10,172,763 (2016 - £10,172,763) have been pledged to secure borrowings of the company. The company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

8 Debtors

	2017 €	2016 €
Amounts falling due within one year:		
Other debtors	<u>200,000</u>	<u>1</u>

9 Creditors: amounts falling due within one year

	2017 €	2016 €
Corporation tax	34,631	28,998
Other creditors	106,194	52,998
Accruals and deferred income	225,494	30,000
	<u>366,319</u>	<u>111,996</u>

10 Creditors: amounts falling due after more than one year

	Notes	2017 €	2016 €
Bank loans and overdrafts	12	<u>13,841,227</u>	<u>14,010,876</u>

11 Financial instruments

	2017 €	2016 €
Carrying amount of financial assets		
Debt instruments measured at amortised cost	<u>200,000</u>	<u>1</u>
Carrying amount of financial liabilities		
Measured at amortised cost	<u>14,222,235</u>	<u>14,093,874</u>

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AIRTH CASTLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2017

12 Borrowings

	2017 €	2016 €
Bank loans	13,841,227	14,010,876
Payable after one year	13,841,227	14,010,876

The long-term loan is a mortgage from Veneto Banco, a bank registered in Italy. The mortgage is secured on the shares in the company which were pledged to the bank by F Colombetti, who is the sole shareholder and a director of the company. The loan extends to 2035 and is based on interest only payments until the expiry date.

13 Provisions for liabilities

	Notes	2017 €	2016 €
Deferred tax liabilities	14	324,795	394,245
		324,795	394,245

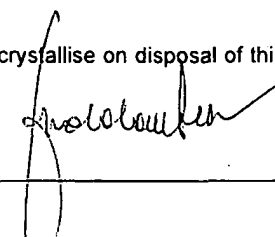
14 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2017 €	Liabilities 2016 €
Balances:		
Revaluations	324,795	394,245

	2017 €
Movements in the year:	
Liability at 1 October 2016	394,245
Movement in opening balance	-
Credit to other comprehensive income	69,450
Liability at 30 September 2017	324,795

The deferred tax liability relates to the valuation of the property and would only crystallise on disposal of this property.



AIRTH CASTLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

15 Share capital

	2017	2016
	€	€
Ordinary share capital		
Issued and fully paid		
120,000 Ordinary Shares of £1 each	176,952	176,952

16 Reserves

Retained Earnings

Cumulative profit and loss net of distributions to owners.

Revaluation Reserve

The cumulative revaluation gains and losses in respect of land and buildings, except revaluation gains and losses recognised in the statement of comprehensive income.

17 Operating lease commitments

Lessor

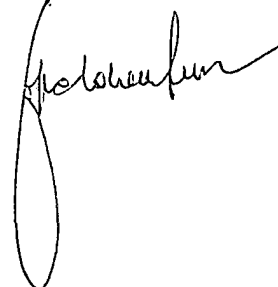
At the reporting end date the company had contracted with tenants for the following minimum lease payments:

	2017	2016
	€	€
Within one year	505,470	494,500
Between two and five years	2,224,069	2,175,800
In over five years	9,705,027	10,681,200
	<u>12,434,566</u>	<u>13,351,500</u>

18 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:



AIRTH CASTLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

18 Related party transactions (Continued)

	Rent received		Recharges from	
	2017	2016	2017	2016
	€	€	€	€
Other related parties	400,000	400,000	53,196	33,320

The following amounts were outstanding at the reporting end date:

	Amounts owed to related parties	
	2017	2016
	€	€
Other related parties	106,194	52,998

Other related party relationships consist of companies under common control.

The amounts outstanding are unsecured, non-interest bearing and will be settled in cash. No guarantees have been given or received.

19 Controlling party

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

20 Cash generated from operations

	2017	2016
	€	€
Profit/(Loss) for the year after tax	124,498	145,221
Adjustments for:		
Taxation	9,143	-
Finance costs	207,618	245,571
Investment income	-	-
(Gain)/loss on disposal of tangible fixed assets	-	-
Amortisation and depreciation	-	-
Movements in working capital:		
(Increase) in debtors	(199,999)	-
Increase/(Decrease) in creditors	248,690	(301,791)
Cash generated from operations	389,950	88,991