Company Registration Number SC450313

KYLELOCH LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2019

ArmstrongWatson®
Accountants, Business & Financial Advisers

KYLELOCH LIMITED
REGISTERED NUMBER: SC450313

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note		2019 £		2018 £
Fixed assets					
Investment property	4		**412,700**		412,700
			412,700		412,700
Current assets					
Debtors: amounts falling due within one year	5	**2,350**		2,350	
		2,350		2,350	
Creditors: amounts falling due within one year	6	**(412,698)**		(413,748)	
Net current liabilities			**(410,348)**		(411,398)
Total assets less current liabilities			**2,352**		1,302
Net assets			**2,352**		1,302
Capital and reserves					
Called up share capital	7		**1**		1
Profit and loss account			**2,351**		1,301
			2,352		1,302

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of income and retained earnings in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Lynn Mortimer
Director

Date: 17 December 2020

The notes on pages 2 to 7 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. General information

Kyleloch Limited is a private company, limited by shares, incorporated in Scotland. The address of its registered office is 23 Royal Exchange Square, Glasgow, G1 3AJ.

The principal activity of the Company in the year under review was that of an investment property company.

These financial statements have been presented in pounds sterling, rounded to the nearest pound, as this is the currency of the primary economic environment in which the Company operates.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Significant judgements and estimates - Investment property valuation

The property valuation is subject to significant judgement and has a high level of uncertainty. The land is included in the balance sheet at what the Directors consider to be fair value based on historic cost. Without incurring substantial costs to conduct detailed land surveys the valuation is a significant judgement.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.3 Going concern

In preparing these financial statements, the Directors of the Company have given careful consideration to current and anticipated future solvency requirements of the Company and its ability to continue as a going concern for the foreseeable future. The Company has prepared the financial statements on a going concern basis, notwithstanding the COVID-19 pandemic and net current liabilities of £410,348 as at 31 December 2019, a loss for the period then ended of £1,050 and continued losses since the year end for the following reasons.

In common with all hospitality groups of Landfern's and its subsidiaries nature, the Scottish Government required the business activities to close on 20 March 2020. The businesses have remained closed since that date due to the continuing significant uncertainty for trading conditions arising from the COVID-19 restrictions. As at the date of issue of these financial statements, there continues to be significant and extensive constraints and restrictions imposed by the Scottish Government which mean that the trading businesses within the Landfern Group continue to be closed for the foreseeable future. The perspective of the Board of Directors, as at the date of issue of these financial statements, is that this is likely to continue until at least the summer of 2021.

Looking to the future, the business contains significant high quality real estate assets with trading businesses that, as a group, generated turnover of more than £10,000,000 in 2018 and 2019. A strategic review of the businesses and the underlying real estate assets is being undertaken to assess the most economically efficient and profitable way forward for the Landfern Group.

The review thus far has given the Directors confidence that, once a vaccine is widely available to address COVID-19, the fundamental elements of the business may allow certain elements of the Group to recommence trading. The Directors' expectation is that the Group will develop into a profitable trading group in due course.

As part of the review, the Directors have prepared cash flow forecasts for a period beyond 12 months from the date of approval of these financial statements that, taking account of reasonably possible downturns (zero revenue has been assumed), the Company will have sufficient funds, through its cash reserves and funding from its parent to meet its liabilities as they fall due for that period. As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Whilst the Directors cannot envisage all possible circumstances that may impact the Company in the future, they believe that taking account of the forecasts, available cash resources and including the financial support from Ediston RES Limited, the Company will have sufficient resources to meet all ongoing working capital and committed capital expenditure requirements as they fall due.

Based on the above, the Directors believe that at the date of signing these financial statements that it remains appropriate to prepare the financial statements on a going concern basis. However, these circumstances represent a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern and, therefore to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

2.4 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2. Accounting policies (continued)

2.5 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.6 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 Investment Property

Investment property is carried at fair value determined annually by Directors with reference to external values and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Income and Retained Earnings.

2.9 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.10 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

3. Employees

The average monthly number of employees, including directors, during the year was 2 (2018 - 2).

4. Investment property

	Freehold investment property £
Valuation	
At 1 January 2019	**412,700**
At 31 December 2019	**412,700**

Land held as an investment property with a fair value of £412,700 (2018: £412,700) is valued by the

Directors at its original cost. The Directors believe this to be a fair representation of its value at the

balance sheet date.

If the Investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2019 £	2018 £
Historic cost	**412,700**	412,700
	412,700	412,700

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

5. Debtors

	2019	2018
	£	£
Other debtors	**2,350**	2,350
	2,350	2,350

6. Creditors: Amounts falling due within one year

	2019	2018
	£	£
Amounts owed to group undertakings	**412,700**	412,750
Accruals and deferred income	**(2)**	998
	412,698	413,748

7. Share capital

	2019	2018
	£	£
Allotted, called up and fully paid		
1 (2018 - 1) Ordinary share of £1.00	**1**	1

8. Related party transactions

The Company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

9. Post balance sheet events

.On 11 March 2020, the World Health Organisation declared the outbreak of COVID-19 a pandemic, due to its rapid spread throughout the world, having affected more than 110 countries at that time. As COVID-19 arose after 31 December 2019 it is therefore considered a non-adjusting post balance sheet event for the year ending 31 December 2019. COVID-19 has had a significant impact on the hospitality and leisure sector and on the business.

Commercial property values have been subject to volatility as a result of the COVID-19 pandemic and therefore it is highly likely that the property values at the time of signing would be different to the valuations presented in the accounts as at 31 December 2019. The Director's believe that any changes in valuation at the time of signing would be temporary and therefore have not assessed the value of the properties at this time. The Directors will carry out updated valuations in due course to consider the impact COVID-19 has had on the fair values of properties held by the group. The results of this exercise will be recognised within the year ended 31 December 2020 financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

10. Controlling party

The Company's parent undertaking at the balance sheet date was Landfern Limited, a company incorporated in Scotland. Their registered address is 23 Royal Exchange Square, Glasgow, G1 3AJ. The Company's ultimate parent undertaking at the balance sheet date was Ediston (RES) Limited, a company incorporated in Scotland.

The Company's results are included within the consolidated accounts of Landfern Limited and these can be found on www.companieshouse.gov.uk.

The ultimate controlling party is Elaine O'Neill.

11. Auditors' information

The auditors' report on the financial statements for the year ended 31 December 2019 was unqualified.

In their report, the auditors emphasised that following matter without qualifying their report:
We draw attention to note 2.2 in the financial statements, which indicates that the Company is reliant on the financial support of its parent to meet its liabilities as they fall due. These conditions, along with other matters explained in not 2.2, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

The audit report was signed on 17 December 2020 by Martin Johnston CA (Senior Statutory Auditor) on behalf of Armstrong Watson Audit Limited.