



Castlegate Investments (Edinburgh) Limited

Registered number: SC069463

Annual report and financial statements

For the year ended 31 March 2017

FRIDAY



S6LSID8P

SCT

22/12/2017

#170

COMPANIES HOUSE

CASTLEGATE INVESTMENTS (EDINBURGH) LIMITED

COMPANY INFORMATION

Director	J Thomson
Company secretary	J McAdam
Registered number	SC069463
Registered office	352 Castlehill The Royal Mile Edinburgh EH1 2NF
Trading Address	352 Castlehill The Royal Mile Edinburgh EH1 2NF
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor Apex 2 97 Haymarket Terrace Edinburgh EH12 5HD
Bankers	The Royal Bank of Scotland plc 36 St Andrew Square Edinburgh EH2 2YB
Solicitors	Shepherd and Wedderburn 1 Exchange Crescent Conference Square Edinburgh EH3 8UL

CASTLEGATE INVESTMENTS (EDINBURGH) LIMITED

CONTENTS

	Page
Strategic Report	1
Director's Report	2 - 3
Independent Auditor's Report	4 - 5
Statement of Comprehensive Income	6
Balance Sheet	7
Statement of Changes in Equity	8
Notes to the Financial Statements	9 - 23

CASTLEGATE INVESTMENTS (EDINBURGH) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2017

Introduction

The Company's principal activity continued to be that of restaurateurs under the names of 'The Witchery by the Castle' and 'The Tower Restaurant'.

Business review

In the year to 31 March 2017 the business enjoyed another excellent year of trading. The business continued to trade well during the year with increased turnover compared with the prior year. The director is delighted with the results achieved despite the challenging economic climate and anticipates maintaining current margins and profitability going forward.

The Company's establishments continue to thrive on repeat custom and a high standing reputation and this is expected to continue in the coming year. The list of accolades the Company's restaurants continue to receive provides further assurance of their strong position in the market and the director believes the high quality of its award winning menus and the service provided will help mitigate any trading risks.

Financial risk management objectives and policies

The Company finances its operations through a mixture of retained profits and, where necessary to fund expansion or capital expenditure programmes, through bank borrowings. The management's objectives are to:

- retain sufficient liquid funds to enable it to meet its day to day obligations as they fall due whilst maximising returns on surplus funds;
- minimise the company's exposure to fluctuating interest rates when seeking new borrowings;
- match the repayment schedule of any external borrowings or overdrafts with the expected future cash flows expected to arise from the company's trading activities.

The Company does not use hedge accounting.

As all the Company's surplus funds are held in Sterling bank accounts and its borrowings are all obtained from a standard bank loan, there is no risk of price exposure.



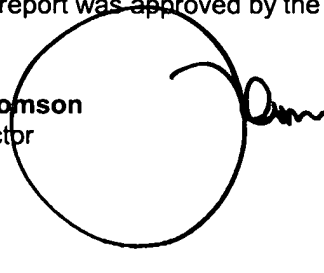
Financial key performance indicators

EBITDA is regarded as the major performance indicator. This has fallen from £1,392,097 to £1,199,906 (excluding exceptional income), however the director is satisfied with the results for the year.

Gross profit margin is also reviewed by the director with this year's gross profit margin reducing slightly from 40.8% to 39.2%.

This report was approved by the board on 22 December 2017 and signed on its behalf.

J Thomson
Director



CASTLEGATE INVESTMENTS (EDINBURGH) LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2017

The director presents his report and the financial statements for the year ended 31 March 2017.

Director's responsibilities statement

The director is responsible for preparing the Strategic Report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments 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 to enable him 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.

Results and dividends

The profit for the year, after taxation, amounted to £1,157,951 (2016 - £846,439).

Particulars of dividends paid are detailed in note 13 to the financial statements.

Director

The director who served during the year was:

J Thomson

Matters covered in the strategic report

The following information is not included in the Director's Report because it is shown in the Strategic Report:

Principal activity

Business review

Financial risk management objectives and policies

Financial key performance indicators

CASTLEGATE INVESTMENTS (EDINBURGH) LIMITED

DIRECTOR'S REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

Disclosure of information to auditor

The director at the time when this Director's Report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- he has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

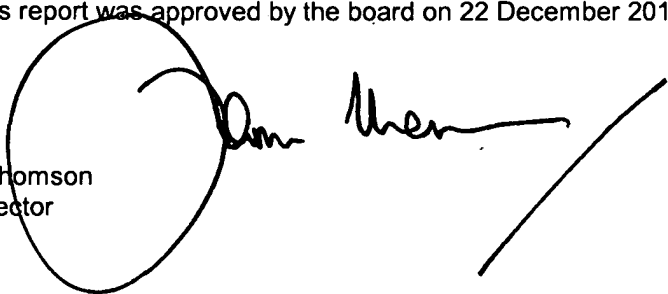
There have been no significant events affecting the Company since the year end.

Auditor

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 22 December 2017 and signed on its behalf.

J Thomson
Director

A large, stylized handwritten signature in black ink, appearing to read 'J Thomson', is written over the printed name and title. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

CASTLEGATE INVESTMENTS (EDINBURGH) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CASTLEGATE INVESTMENTS (EDINBURGH) LIMITED

We have audited the financial statements of Castlegate Investments (Edinburgh) Limited for the year ended 31 March 2017 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes. 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) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Respective responsibilities of director and auditor

As explained more fully in the Director's responsibilities statement set out on page 2, the director is 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 and express an opinion on 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 Ethical Standards for Auditors. 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 an Auditor's Report 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2017 and of its profit 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 the other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Director's Report has been prepared in accordance with applicable legal requirements.

CASTLEGATE INVESTMENTS (EDINBURGH) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CASTLEGATE INVESTMENTS (EDINBURGH) LIMITED

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Director's Report.

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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Fiona Martin (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

Apex 2
97 Haymarket Terrace
Edinburgh
EH12 5HD

22 December 2017

CASTLEGATE INVESTMENTS (EDINBURGH) LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 £	2016 £
Turnover	4	6,450,715	6,213,583
Cost of sales		(3,918,935)	(3,680,172)
Gross profit		<u>2,531,780</u>	<u>2,533,411</u>
Administrative expenses		(1,653,751)	(1,699,258)
Other operating income	5	187,836	321,500
Exceptional other operating income	5	606,108	-
Operating profit	6	<u>1,671,973</u>	<u>1,155,653</u>
Interest receivable and similar income	10	488	674
Interest payable and expenses	11	(75,543)	(81,729)
Profit before tax		<u>1,596,918</u>	<u>1,074,598</u>
Tax on profit	12	(438,967)	(228,159)
Profit for the financial year		<u><u>1,157,951</u></u>	<u><u>846,439</u></u>

There was no other comprehensive income for 2017 (2016: £NIL).

The notes on pages 9 to 23 form part of these financial statements.

CASTLEGATE INVESTMENTS (EDINBURGH) LIMITED
REGISTERED NUMBER: SC069463

BALANCE SHEET
AS AT 31 MARCH 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	14	1,578,425	1,562,964
Investments	15	2,149,166	2,681,058
		<u>3,727,591</u>	<u>4,244,022</u>
Current assets			
Stocks	16	1,320,455	1,122,824
Debtors: amounts falling due within one year	17	1,675,936	1,475,649
Cash at bank and in hand	18	388,762	189,022
		<u>3,385,153</u>	<u>2,787,495</u>
Creditors: amounts falling due within one year	19	<u>(3,057,670)</u>	<u>(1,688,907)</u>
Net current assets		<u>327,483</u>	<u>1,098,588</u>
Total assets less current liabilities		<u>4,055,074</u>	<u>5,342,610</u>
Creditors: amounts falling due after more than one year	20	<u>-</u>	<u>(1,441,082)</u>
Provisions for liabilities			
Deferred tax	22	<u>(42,095)</u>	<u>(36,500)</u>
		<u>(42,095)</u>	<u>(36,500)</u>
Net assets		<u><u>4,012,979</u></u>	<u><u>3,865,028</u></u>
Capital and reserves			
Called up share capital	23	77,100	77,100
Profit and loss account	24	3,935,879	3,787,928
		<u><u>4,012,979</u></u>	<u><u>3,865,028</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22 December 2017.

J Thomson
 Director

CASTLEGATE INVESTMENTS (EDINBURGH) LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

	Called up share capital £	Profit and loss account £	Total equity £
At 1 April 2015	77,100	3,511,489	3,588,589
Comprehensive income for the year			
Profit for the year	-	846,439	846,439
Total comprehensive income for the year	-	846,439	846,439
Dividends: Equity capital	-	(570,000)	(570,000)
At 1 April 2016	77,100	3,787,928	3,865,028
Comprehensive income for the year			
Profit for the year	-	1,157,951	1,157,951
Total comprehensive income for the year	-	1,157,951	1,157,951
Dividends: Equity capital	-	(1,010,000)	(1,010,000)
At 31 March 2017	77,100	3,935,879	4,012,979

CASTLEGATE INVESTMENTS (EDINBURGH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. General information

Castlegate Investments (Edinburgh) Limited is a limited company registered in Scotland and incorporated in the UK. The registered office is 352 Castlehill, The Royal Mile, Edinburgh, EH1 2NF.

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 Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.27 to 12.29;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Pacific Shelf 636 Limited as at 31 March 2017 and these financial statements may be obtained from 352 Castlehill, The Royal Mile, Edinburgh EH1 2NF.

2.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

CASTLEGATE INVESTMENTS (EDINBURGH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

2. Accounting policies (continued)

2.4 Revenue

Revenue, which comprises hotel, food and beverage sales, is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company has taken advantage of the transitional relief granted by FRS 102 section 35.10(d) whereby a first-time adopter of FRS 102 may elect to use a previous GAAP revaluation of property at, or before the date of transition to this FRS as its deemed cost at the revaluation date.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Heritable property	- 2% straight line
Motor vehicles	- 25% straight line
Fixtures, fittings and computer equipment	- 15% and 33% straight line
Equipment, dishes and utensils	- 15% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

CASTLEGATE INVESTMENTS (EDINBURGH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

2. Accounting policies (continued)

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

2.7 Stocks

Stocks, which comprise food and drink, are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in Statement of comprehensive income.

2.8 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.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.10 Financial instruments

The Company only enters into basic financial instruments 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 non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

2.11 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.

CASTLEGATE INVESTMENTS (EDINBURGH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

2. Accounting policies (continued)

2.12 Finance costs

Finance costs are charged to the Statement of Comprehensive Income 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.

2.13 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.14 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

2.15 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.16 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.17 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

CASTLEGATE INVESTMENTS (EDINBURGH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

2. Accounting policies (continued)

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.19 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, 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 balance sheet 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 Balance sheet 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 balance sheet date.

2.20 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.

CASTLEGATE INVESTMENTS (EDINBURGH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 2, the directors are 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, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4. Turnover

All turnover arose within the United Kingdom and is attributable to the principal activity of the company.

5. Other operating income

	2017 £	2016 £
Other operating income	187,836	321,500
Exceptional operating income	606,108	-
	<u>793,944</u>	<u>321,500</u>

The exceptional operating income relates to a non-recurring management charge of £1,138,000 net of an investment impairment of £531,892.

6. Operating profit

The operating profit is stated after charging:

	2017 £	2016 £
Cost of stocks recognised as an expense	1,516,338	1,522,637
Depreciation of tangible fixed assets	134,041	136,446
Other operating lease rentals	75,006	75,006
Defined contribution pension cost	12,700	10,734
	<u></u>	<u></u>

CASTLEGATE INVESTMENTS (EDINBURGH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

7. Auditor's remuneration

	2017 £	2016 £
Fees payable to the Company's auditor for the audit of the Company's annual accounts	6,500	6,350
Fees payable to the Company's auditor in respect of:		
Other services relating to taxation	1,350	1,325
All other services	51,650	49,937
	<u>53,000</u>	<u>51,262</u>

8. Employees

Staff costs, including director's remuneration, were as follows:

	2017 £	2016 £
Wages and salaries	2,231,160	2,014,706
Social security costs	164,737	138,094
Cost of defined contribution scheme	12,700	10,734
	<u>2,408,597</u>	<u>2,163,534</u>

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

	2017 No.	2016 No.
Employees	<u>118</u>	<u>119</u>

9. Director's remuneration

	2017 £	2016 £
Director's emoluments	<u>6,000</u>	<u>6,000</u>

CASTLEGATE INVESTMENTS (EDINBURGH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

10. Interest receivable

	2017 £	2016 £
Other interest receivable	488	674

11. Interest payable and similar charges

	2017 £	2016 £
Bank interest payable	75,543	81,729

12. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	433,372	233,759
Deferred tax		
Origination and reversal of timing differences	7,441	(1,391)
Changes to tax rates	(1,846)	(4,209)
Total deferred tax	5,595	(5,600)
Taxation on profit on ordinary activities	438,967	228,159

CASTLEGATE INVESTMENTS (EDINBURGH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016 - higher than) the standard rate of corporation tax in the UK of 20% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	1,596,918	1,074,598
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%)	319,384	214,920
Effects of:		
Non-tax deductible impairment	106,378	-
Expenses not deductible for tax purposes	3,829	4,891
Capital allowances for year in excess of depreciation	12,594	12,416
Other timing differences leading to a (decrease) in taxation	(3,218)	(4,068)
Total tax charge for the year	438,967	228,159

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

13. Dividends

	2017 £	2016 £
On equity capital	1,010,000	570,000

CASTLEGATE INVESTMENTS (EDINBURGH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

14. Tangible fixed assets

	Heritable property £	Motor vehicles £	Fixtures & fittings £	Office equipment £	Total £
Cost					
At 1 April 2016	1,955,326	34,459	1,642,647	803,830	4,436,262
Additions	43,645	-	52,526	53,330	149,501
At 31 March 2017	1,998,971	34,459	1,695,173	857,160	4,585,763
Depreciation					
At 1 April 2016	721,516	34,459	1,416,534	700,788	2,873,297
Charge for the year	39,710	-	63,967	30,364	134,041
At 31 March 2017	761,226	34,459	1,480,501	731,152	3,007,338
Net book value					
At 31 March 2017	1,237,745	-	214,672	126,008	1,578,425
At 31 March 2016	1,233,810	-	226,113	103,041	1,562,964

Certain heritable properties were valued in 1991 giving rise to a revaluation reserve which at the date of transition to FRS 102 amounted to £108,825. The valuation is treated as cost under FRS102 as per the accounting policy at note 2.5.

CASTLEGATE INVESTMENTS (EDINBURGH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

15. Fixed asset investments

	Investments in subsidiary companies £
Cost	
At 1 April 2016	2,681,058
At 31 March 2017	<u>2,681,058</u>
Impairment	
Charge for the period	531,892
At 31 March 2017	<u>531,892</u>
Net book value	
At 31 March 2017	<u>2,149,166</u>
At 31 March 2016	<u>2,681,058</u>

Please see note 29 for details of subsidiary undertaking.

16. Stocks

	2017 £	2016 £
Goods for resale	<u>1,320,455</u>	<u>1,122,824</u>

17. Debtors

	2017 £	2016 £
Trade debtors	53,455	34,352
Amounts owed by group undertakings (note 27)	410,528	672,320
Other debtors	50,475	321,757
Prepayments and accrued income	1,161,478	447,220
	<u>1,675,936</u>	<u>1,475,649</u>

CASTLEGATE INVESTMENTS (EDINBURGH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

18. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	388,762	189,022
Less: bank overdrafts	-	(2,683)
	<u>388,762</u>	<u>186,339</u>

19. Creditors: Amounts falling due within one year

	2017 £	2016 £
Bank overdrafts	-	2,683
Bank loans (notes 20 & 21)	1,427,257	211,871
Trade creditors	255,737	465,400
Corporation tax	301,489	233,759
Other taxation and social security	180,652	226,461
Other creditors	134,141	17,260
Accruals and deferred income	758,394	531,473
	<u>3,057,670</u>	<u>1,688,907</u>

20. Creditors: Amounts falling due after more than one year

	2017 £	2016 £
Bank loans (note 21)	-	1,441,082

CASTLEGATE INVESTMENTS (EDINBURGH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

21. Loans

Analysis of the maturity of loans is given below:

	2017 £	2016 £
Amounts falling due within one year		
Bank loans	1,427,257	211,871
Amounts falling due 1-2 years		
Bank loans	-	1,441,082
	<u>1,427,257</u>	<u>1,652,953</u>

Secured loans

The bank loan and overdraft are secured by a bond and floating charge over all the assets of the company, first ranking standard securities over the company's heritable properties, a £3,000,000 guarantee from Pacific Shelf 636 Limited supported by a bond and floating charge over that company's assets and a charge over the director's life assurance policy.

The bank loan is repayable by quarterly instalments and is due to be repaid by June 2017. Interest is payable on the loan at a rate of 3.25% above LIBOR.

Subsequent to the year end, a new long term loan was entered into.

22. Deferred taxation

	2017 £
At beginning of year	(36,500)
Credit to profit or loss	(5,595)
At end of year	<u>(42,095)</u>

The provision for deferred taxation calculated at 17% (2016: 18%) is made up as follows:

	2017 £
Accelerated capital allowances	<u>(42,095)</u>

CASTLEGATE INVESTMENTS (EDINBURGH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

23. Share capital

	2017 £	2016 £
Shares classified as equity		
Allotted, called up and fully paid		
77,100 Ordinary shares shares of £1 each	77,100	77,100

24. Reserves

Profit & loss account

This reserve includes all current and prior period retained profits and losses, including a revaluation reserve of £108,825 relating to certain heritable properties (note 14).

25. Pension commitments

The company contributes to employee's personal pension plans. The pension cost charge represents contributions payable by the company to the plans and amounts to £12,700 (2016: £10,734).

There is £1,890 of contributions payable to the plans at the balance sheet date (2016: £1,546).

26. Commitments under operating leases

At 31 March 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Not later than 1 year	75,006	75,006

In addition to the above, the company has entered into an agreement which expires later than 1 year and not later than 5 years to occupy premises where the annual commitment payable is based on turnover generated.

CASTLEGATE INVESTMENTS (EDINBURGH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

27. Related party transactions

As a wholly owned subsidiary of Pacific Shelf 636 Limited, advantage has been taken of the exemption granted by FRS 102 33.1A, not to report details of the transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

At the year end, an amount of £10,527 (2016: £272,320) was owed by the subsidiary undertaking Prestonfield House Hotel Limited. The amounts are unsecured, have no fixed terms of repayment and bear interest at a rate of 5% from 1 April 2017. Interest of £Nil (2016: £Nil charged to this company) was also charged during the year by this company.

At the year end £131,919 was owed to (2016: £134,207 owed by) J Thomson, the director, to the company. The outstanding balance has been repaid since the year end. The movement in the balance represents cash forwarded to and from the company throughout the year. The maximum amount outstanding to the company during the year was £746,554 (2016: £546,876).

During the year the company made payments in respect of rent of £50,000 (2016: £50,000) to a pension scheme, the beneficiary being J Thomson. The company also paid rent of £25,006 (2016: £25,006) to J Thomson for the use of property which he owns.

During the year the company received management charges of £1,325,836 (2016: £321,500) from, and paid management charges of £57,500 (2016: £57,500) to Prestonfield House Hotel Limited.

28. Controlling party and parent undertaking

The company's immediate and ultimate parent undertaking is Pacific Shelf 636 Limited, which is registered in Scotland, and is the smallest and largest group into whose financial statements the company's financial information is consolidated. Copies of the group financial statements are available to the public from Companies House, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF.

In the director's opinion, the company's ultimate controlling party is J Thomson by virtue of his shareholding in the parent undertaking.

29. Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Class of shares	Holding	Principal activity
Prestonfield House Hotel Limited	Ordinary	58 %	Hoteliers