

REGISTERED NUMBER: 00874338 (England and Wales)

DIRECTORS' REPORT AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019
FOR
DEACON COMMERCIAL DEVELOPMENT AND
FINANCE LIMITED



**DEACON COMMERCIAL DEVELOPMENT AND
FINANCE LIMITED (REGISTERED NUMBER: 00874338)**

**CONTENTS OF THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2019**

	Page
Company Information	1
Directors' Report	2
Independent Auditor's Report	4
Statement of Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Notes to the Financial Statements	9

**DEACON COMMERCIAL DEVELOPMENT AND
FINANCE LIMITED**

COMPANY INFORMATION
for the Year Ended 31 December 2019

DIRECTORS:

A L Dalwood
K J Acton

SECRETARY:

G Cresswell

REGISTERED OFFICE:

5 New Street Square
London
EC4A 3TW

REGISTERED NUMBER:

00874338 (England and Wales)

AUDITOR:

BDO LLP
55 Baker Street
London
W1U 7EU

**DEACON COMMERCIAL DEVELOPMENT AND
FINANCE LIMITED (REGISTERED NUMBER: 00874338)**

**DIRECTORS' REPORT
for the Year Ended 31 December 2019**

The directors present their report with the financial statements of the Company for the year ended 31 December 2019.

PRINCIPAL ACTIVITY

The principal activity of the Company in the year under review was that of property investment. These were sold in the previous years and there has been limited activity in the current year.

SMALL COMPANIES' EXEMPTION

In preparing the Report of the Directors advantage has been taken of the small companies' exemption provided by section 414B of the Companies Act 2006 and of the exemption of preparing a strategic report.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2019 (2018: £nil).

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2019 to the date of this report.

A L Dalwood
K J Acton

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report 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), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

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 auditor is 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 auditor is aware of that information.

**DEACON COMMERCIAL DEVELOPMENT AND
FINANCE LIMITED (REGISTERED NUMBER: 00874338)**

**DIRECTORS' REPORT
for the Year Ended 31 December 2019**

AUDITOR

The auditor, BDO LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to be 'G Cresswell', written in a cursive style.

G Cresswell - Secretary

30 April 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
DEACON COMMERCIAL DEVELOPMENT AND
FINANCE LIMITED

Opinion

We have audited the financial statements of Deacon Commercial Development and Finance Limited ("the Company") for the year ended 31 December 2019 which comprise Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' Report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
DEACON COMMERCIAL DEVELOPMENT AND
FINANCE LIMITED

Matters on which we are required to report by exception

In the 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 Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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; or
- the directors were not entitled to take advantage of the small companies' exemptions from the requirement to prepare a strategic report.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.



Charles Ellis (Senior statutory auditor)
for and on behalf of BDO LLP, Statutory Auditor
London, UK

Date: 30 April 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**DEACON COMMERCIAL DEVELOPMENT AND
FINANCE LIMITED (REGISTERED NUMBER: 00874338)**

**STATEMENT OF COMPREHENSIVE INCOME
for the Year Ended 31 December 2019**

	Notes	2019 £	2018 £
TURNOVER		-	-
Administrative expenses		<u>14,076</u>	<u>16,351</u>
OPERATING LOSS		(14,076)	(16,351)
Movement in fair value of deferred receivable		-	39,886
Revaluation of investment property		<u>-</u>	<u>(1,107)</u>
(LOSS)/PROFIT BEFORE TAXATION	4	(14,076)	22,428
Tax on (loss)/profit	5	<u>-</u>	<u>-</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(14,076)	22,428
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(14,076)</u>	<u>22,428</u>

The notes form part of these financial statements

**DEACON COMMERCIAL DEVELOPMENT AND
FINANCE LIMITED (REGISTERED NUMBER: 00874338)**

STATEMENT OF FINANCIAL POSITION
31 December 2019

	Notes	2019 £	2018 £
FIXED ASSETS			
Investments in subsidiaries	6	102	102
CURRENT ASSETS			
Debtors: amounts falling due within one year	7	860,513	1,032,825
Cash at bank		<u>312</u>	<u>1,108,308</u>
		860,825	2,141,133
CREDITORS			
Amounts falling due within one year	8	<u>37,447</u>	<u>1,303,679</u>
NET CURRENT ASSETS		<u>823,378</u>	<u>837,454</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>823,480</u>	<u>837,556</u>
CAPITAL AND RESERVES			
Called up share capital	9	250,000	250,000
Retained earnings	10	<u>573,480</u>	<u>587,556</u>
SHAREHOLDERS' FUNDS		<u>823,480</u>	<u>837,556</u>

The financial statements were approved and authorised for issue by the Board of Directors on 30 April 2020 and were signed on its behalf by:



K J Acton - Director

**DEACON COMMERCIAL DEVELOPMENT AND
FINANCE LIMITED (REGISTERED NUMBER: 00874338)**

**STATEMENT OF CHANGES IN EQUITY
for the Year Ended 31 December 2019**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2018	250,000	565,128	815,128
Changes in equity			
Total comprehensive income	<u>-</u>	<u>22,428</u>	<u>22,428</u>
Balance at 31 December 2018	<u>250,000</u>	<u>587,556</u>	<u>837,556</u>
Changes in equity			
Total comprehensive income	<u>-</u>	<u>(14,076)</u>	<u>(14,076)</u>
Balance at 31 December 2019	<u><u>250,000</u></u>	<u><u>573,480</u></u>	<u><u>823,480</u></u>

**DEACON COMMERCIAL DEVELOPMENT AND
FINANCE LIMITED (REGISTERED NUMBER: 00874338)**

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2019**

1. STATUTORY INFORMATION

Deacon Commercial Development and Finance Limited is a private company, limited by shares, registered in England and Wales. The Company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The Company is a wholly owned subsidiary of Gresham House Finance Limited and of its ultimate parent Company, Gresham House plc. It is included in the consolidated financial statements of Gresham House plc, which are publicly available. Therefore, the Company is exempt, by virtue of section 400 of the Companies Act 2006, from the requirement to prepare consolidated financial statements. These accounts present information about the Company as an individual undertaking and not about its group.

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases;
- the requirements of paragraph 58 of IFRS 16;
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1; and
 - paragraphs 76 and 79(d) of IAS 40 Investment Property;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group;
- the requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets.

No new accounting standards were applicable for the current year.

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the Statement of Financial Position date.

Investments in subsidiaries

Investments in subsidiaries stated as fixed assets are stated at cost less provision for any impairments.

Going concern

The Company's ultimate parent entity is Gresham House plc (Parent), which performs a going concern assessment at the Group level and considers the cash flows and risks across the Group. This assessment has been stress tested for a worst case scenario and even under these conditions, the assumption remains unchanged that the Group remains a going concern. The Parent has provided a letter of support stating that it intends to support the Company to continue as a going concern in the coming 12 months. The directors continue to adopt the going concern basis of accounting in preparing the financial statements.

**DEACON COMMERCIAL DEVELOPMENT AND
FINANCE LIMITED (REGISTERED NUMBER: 00874338)**

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2019**

2. ACCOUNTING POLICIES - continued

Deferred receivables

Deferred receivables are recognised at the discounted value of those receipts.

3. EMPLOYEES AND DIRECTORS

There were no staff costs for the year ended 31 December 2019 nor for the year ended 31 December 2018.

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

	2019	2018
Directors	<u>2</u>	<u>2</u>

Directors' salaries are paid by a fellow group undertaking. The directors were the only employees of the Company during the year.

	2019 £	2018 £
Directors' remuneration	<u>-</u>	<u>-</u>

4. (LOSS)/PROFIT BEFORE TAXATION

The loss before taxation (2018 - profit before taxation) is stated after charging:

	2019 £	2018 £
Auditor's remuneration	<u>-</u>	<u>10,000</u>

Audit fees for 2019 were paid by fellow group undertakings.

5. TAXATION

Analysis of tax expense

No liability to UK corporation tax arose for the year ended 31 December 2019 nor for the year ended 31 December 2018.

Factors affecting the tax expense

The tax assessed for the year is higher (2018 - lower) than the standard rate of corporation tax in the UK. The difference is explained below:

	2019 £	2018 £
(Loss)/profit before income tax	<u>(14,076)</u>	<u>22,428</u>
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	(2,674)	4,261
Effects of:		
Relief creditor		
Losses utilised in current year	-	(7,578)
Deferred tax not recognised	<u>2,674</u>	<u>3,317</u>
Tax expense	<u>-</u>	<u>-</u>

**DEACON COMMERCIAL DEVELOPMENT AND
FINANCE LIMITED (REGISTERED NUMBER: 00874338)**

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2019**

5. TAXATION - continued

Factors that may affect future tax charges

At 31 December 2019 the Company had capital losses and other taxation losses carried forward amounting to approximately £796,000 (2018: £796,000) and £58,000 (2018: £44,000) respectively. The losses create a potential deferred tax asset at 31 December 2019 of approximately £135,000 (2018: £135,000) and £10,000 (2018: £7,000) respectively. The recoverability of this asset is uncertain therefore no deferred tax asset has been recognised in the current year.

6. INVESTMENTS IN SUBSIDIARIES

	Shares in group undertakings £
COST	
At 1 January 2019	
and 31 December 2019	<u>102</u>
NET BOOK VALUE	
At 31 December 2019	<u>102</u>
At 31 December 2018	<u>102</u>

The Company's investments at the Statement of Financial Position date in the share capital of companies include the following:

	Nature of Business	Country of incorporation and registered office	Type of Share	Percentage held
Newton Estate Limited	Property investment	5 New Street Square, London, EC4A 3TW, England	Ordinary	100%
Wolden Estates Limited	Property investment	5 New Street Square, London, EC4A 3TW, England	Ordinary	100%

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Amounts owed by group undertakings	860,513	-
Other debtors	<u>-</u>	<u>1,032,825</u>
	<u>860,513</u>	<u>1,032,825</u>

On 22 September 2015, the sale of 25.8 acres of the site at Newton-le-Willows to Persimmon Homes Limited ("Persimmon") was completed. An initial payment of £944,610 was received with further payments of £937,252 received in 2016, £1,634,083 received in 2017 and £2,700,730 during the year. The balance of £1,032,825 was received on 27 February 2019.

**DEACON COMMERCIAL DEVELOPMENT AND
FINANCE LIMITED (REGISTERED NUMBER: 00874338)**

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2019**

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Amounts owed to group undertakings	25,297	1,290,784
Accrued expenses	<u>12,150</u>	<u>12,895</u>
	<u>37,447</u>	<u>1,303,679</u>

The amounts owed to group undertakings are unsecured and interest free with no repayment date specified. The amounts are repayable on demand.

9. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2019	2018
Number:	Class:	Nominal value:	£	£
2,500,000	Ordinary	10p	<u>250,000</u>	<u>250,000</u>

10. RESERVES

	Retained earnings £
At 1 January 2019	587,556
Deficit for the year	<u>(14,076)</u>
At 31 December 2019	<u>573,480</u>

11. ULTIMATE PARENT COMPANY

The immediate parent company is Gresham House Finance Limited and the ultimate parent company and controlling party is Gresham House plc, both of which are incorporated in Great Britain and registered in England and Wales.

The accounts of the above companies can be obtained from Companies House, Crown Way, Cardiff.

12. RELATED PARTY DISCLOSURES

The Company, as a 100% subsidiary included in consolidated accounts, has taken advantage of the exemption conferred by IAS24 "Related Party Disclosures" and does not disclose details of transactions with other wholly owned group companies.

13. EVENTS AFTER THE REPORTING PERIOD

On 11 March 2020, the World Health Organisation declared a global pandemic following the infectious spread of coronavirus (COVID-19).

The COVID 19 pandemic has had a considerable impact on world markets since the year end. The impact on the Group has been reflected in the Net Asset Values of some of the funds managed by the Group after the year end, alongside the operational challenges of the business continuing to operate while under the lock down conditions implemented by the UK Government. To ascertain that the Group and its subsidiary companies remain a going concern, the Group's cash flow forecast have been stress tested for worst case scenarios. The Group had cash of £25.5 million as at 31 March 2020 and has confirmed that it intends to support the Company to continue as a going concern in the coming 12 months, which supported the directors' assessment that the Company can continue as a going concern.