

Brownfield Investments Limited
Annual Report and Unaudited Financial Statements
Year Ended 31 May 2017
Registration number: 01169572

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Brownfield Investments Limited

Contents

Company Information	1
Balance Sheet	2 to 3
Notes to the Financial Statements	4 to 11
Accountants' Report	12

Brownfield Investments Limited

Company Information

Directors I Dunlop
M Giddings
N Giddings
B J Ballard
D Giddings

Company secretary H J Meacock

Registered office Old Mine Offices
Wheal Jane
Baldhu
Truro
Cornwall
TR3 6EE

Solicitors Stephens Scown LLP
Osprey House
Malpas Road
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TR1 1UT

Accountants Francis Clark LLP
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Tregolls Road
Truro
Cornwall
TR1 2NA

Brownfield Investments Limited

Balance Sheet

31 May 2017

	Note	2017 £	2016 £
Fixed assets			
Investment property	4	2,305,000	2,302,846
Current assets			
Stocks	5	320,867	179,884
Debtors	6	124,171	111,440
Cash at bank and in hand		<u>321,993</u>	<u>85,502</u>
		767,031	376,826
Creditors: Amounts falling due within one year	7	<u>(1,210,608)</u>	<u>(875,982)</u>
Net current liabilities		<u>(443,577)</u>	<u>(499,156)</u>
Total assets less current liabilities		1,861,423	1,803,690
Creditors: Amounts falling due after more than one year	7	(862,864)	(934,923)
Provisions for liabilities		<u>(81,990)</u>	<u>(88,290)</u>
Net assets		<u>916,569</u>	<u>780,477</u>
Capital and reserves			
Called up share capital		513,000	513,000
Capital redemption reserve		171,000	171,000
Profit and loss account		<u>232,569</u>	<u>96,477</u>
Total equity		<u>916,569</u>	<u>780,477</u>

Brownfield Investments Limited

Balance Sheet

31 May 2017

For the financial year ending 31 May 2017 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Director's responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The director acknowledges his responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime and the option not to file the Profit and Loss Account has been taken.

These financial statements have been prepared and delivered in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

Approved and authorised by the director on 16/11/17



B J Ballard

Director

Company Registration Number: 01169572

Brownfield Investments Limited

Notes to the Financial Statements

Year Ended 31 May 2017

1 General information

The company is a private company limited by share capital incorporated in England and Wales.

The address of its registered office is:

Old Mine Offices

Wheal Jane

Baldhu

Truro

Cornwall

TR3 6EE

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The functional and presentational currency of the company is pounds sterling, being the currency of the country in which the company operates.

Change in basis of accounting

The company's financial statements have been prepared in accordance with FRS102 - the Financial Reporting Standard applicable in the UK and Republic of Ireland. The company has transferred from previously extant UK GAAP to FRS102 as at 1 June 2016.

The impact of transition to FRS102 is summarised within note 10 to the financial statements.

Going concern

At the balance sheet date the company had net current liabilities of £443,577 (2016 - £499,156).

The company has been supported in the period by a combination of connected company loans, and other loans from the shareholders. In addition the company has an annual rental roll in excess of £350,000.

These factors mean that 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 these financial statements.

Brownfield Investments Limited

Notes to the Financial Statements

Year Ended 31 May 2017

Revenue recognition

Revenue comprises the total amount in respect of sales of land sites, and other related revenue streams. Sales of property developments are recognised upon completion.

The company is a lessor in respect of the investment property which it owns. Rental income is recognised within other operating income in the financial statements, and is accounted for on an accruals basis.

Tax

Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current corporation 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 taxable income.

Deferred tax is recognised on all timing differences at the balance sheet date unless indicated below. Timing differences are differences between taxable profits and the results as stated in the profit and loss account and other comprehensive income. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Financial instruments

Classification

The company holds the following financial instruments:

- Short term trade and other debtors and creditors;
- Bank loans; and
- Cash and bank balances.

All financial instruments are classified as basic.

Recognition and measurement

The company has chosen to apply the recognition and measurement principles in FRS102.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument and derecognised when in the case of assets, the contractual rights to cash flows from the assets expire or substantially all the risks and rewards of ownership are transferred to another party, or in the case of liabilities, when the company's obligations are discharged, expire or are cancelled.

Except for bank loans, such instruments are initially measured at transaction price, including transaction costs, and are subsequently carried at the undiscounted amount of the cash or other consideration expected to be paid or received, after taking account of impairment adjustments.

Bank loans are initially measured at transaction price, including transaction costs, and are subsequently carried at amortised cost using the effective interest method.

Brownfield Investments Limited

Notes to the Financial Statements

Year Ended 31 May 2017

Investment property

Investment property is carried at fair value, derived by the Directors upon consideration of current market values, rental yields, and valuations undertaken for lending purposes.

The Directors use observable market prices, adjusted if necessary for any difference in the nature, location or condition of the specific asset.

Changes in fair value are recognised within other operating income within profit and loss.

Stocks

Stocks comprise of development work in progress, which includes development land.

Stock is stated at the lower of cost and net realisable value. At each reporting date stocks are assessed for impairment. If stocks are impaired the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit and loss.

Critical judgements and estimation uncertainty

In applying the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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.

The following areas are where the Directors have applied judgement in the preparation of the financial statements:

Valuation of investment properties

As described within the accounting policies, the investment properties are held at the balance sheet date at their market value. The director has applied his professional knowledge of the sector, coupled with discussions with other professionals in evaluating opportunities in order to derive market values.

Brownfield Investments Limited

Notes to the Financial Statements

Year Ended 31 May 2017

3 Staff numbers

The average number of persons employed by the company (including the director) during the year, was 2 (2016 - 2).

4 Investment properties

	2017 £
At 1 June	2,302,846
Additions	5,026
Fair value adjustments	<u>(2,872)</u>
At 31 May	<u>2,305,000</u>

The valuation of investment properties has been derived by the Directors using readily available market information.

5 Stocks

	2017 £	2016 £
Development work in progress	<u>320,867</u>	<u>179,884</u>

6 Debtors

	2017 £	2016 £
Trade debtors	103,491	104,846
Other debtors	6,053	6,594
Prepayments	<u>14,627</u>	<u>-</u>
	<u>124,171</u>	<u>111,440</u>

Brownfield Investments Limited

Notes to the Financial Statements

Year Ended 31 May 2017

7 Creditors

	Note	2017 £	2016 £
Due within one year			
Loans and borrowings	8	568,006	255,799
Trade creditors		36,978	2,716
Amounts due to connected undertakings		465,998	461,306
Social security and other taxes		317	15,024
Other creditors		108,217	96,857
Corporation tax		31,092	44,280
		<u>1,210,608</u>	<u>875,982</u>
Due after one year			
Loans and borrowings	8	508,847	571,829
Deferred income		354,017	363,094
		<u>862,864</u>	<u>934,923</u>

Included in loans and borrowings above are amounts disclosed as bank borrowings, as shown in note 8 to the financial statements. These balances are subject to security as disclosed in that note.

Included in amounts owed to connected undertakings is £300,000 (2016 - £300,000) which is subject to a charge in favour of Wheal Jane Limited.

Brownfield Investments Limited

Notes to the Financial Statements

Year Ended 31 May 2017

8 Loans and borrowings

	2017 £	2016 £
Current loans and borrowings		
Bank borrowings	62,292	59,632
Other borrowings	505,714	196,167
	<u>568,006</u>	<u>255,799</u>
	2017 £	2016 £
Non-current loans and borrowings		
Bank borrowings	<u>508,847</u>	<u>571,829</u>

The security and key terms in relation to each of the loan balances above can be summarised as follows:

Bank borrowings

The amounts disclosed as bank borrowings above are secured by means of fixed and floating charges over certain assets owned by the company.

Included in bank borrowings due in more than one year above is £228,688 (2016 - £303,857) which is payable in more than five years. The loan attracts interest at 4.11% above base, and is repayable on a 10 year term from the date of draw-down.

Other borrowings

The amounts in respect of other borrowings relates to loans from Directors and shareholders. These loans are unsecured and repayable upon demand.

9 Reserves

The profit and loss account comprises of two elements:

- An unrealised loss of £293,390 (2016 - £290,519), which relates to the difference between the historical cost of investment properties and their current carrying value (being their current market value), adjusted for deferred income movements.
- A realised profit of £525,959 (2016 - £386,996).

The unrealised element of the profit and loss is not distributable.

Brownfield Investments Limited

Notes to the Financial Statements

Year Ended 31 May 2017

10 Transition to FRS 102

This is the first year that the company has presented its results in accordance with FRS102. The last financial statements prepared under the previous UK GAAP were for the year ended 31 May 2016, and the date of transition to FRS102 was 1 June 2015.

The following tables outline the impact of the transition to FRS102 on the opening balance sheet, the comparative balance sheet and the comparative profit and loss:

Reconciliation of Equity at 1 June 2015

	£
Funds attributable to members at 1 June under previous UK GAAP	774,707
Revaluation of investment properties under construction	(1,735,314)
Release of deferred grant attached to investment properties under construction	<u>1,477,235</u>
Funds attributable to members at 1 June 2015 under FRS 102	<u><u>516,638</u></u>

Reconciliation of Equity at 31 May 2016

	£
Funds attributable to members at 31 May 2016 under previous UK GAAP	1,034,160
Revaluation of investment properties under construction	(1,770,057)
Release of deferred grant attached to investment properties under construction	<u>1,516,374</u>
Funds attributable to members at 31 May 2016 under FRS 102	<u><u>780,477</u></u>

Reconciliation of Profit and Loss at 31 May 2016

	£
Profit for the year ended 31 May 2016 under previous UK GAAP	259,453
Revaluation of investment property under construction	(34,743)
Release of deferred grant attached to investment property under construction	<u>39,129</u>
Profit for the year ended under FRS 102	<u><u>263,839</u></u>

Brownfield Investments Limited

Notes to the Financial Statements

Year Ended 31 May 2017

Commentary on transitional adjustments

Over the last three accounting periods the company has undertaken works to construct new office space at its premises. On the basis that these premises are held to generate a rental return they are classified as investment properties in the financial statements, and required to be held at fair value under FRS102 unless the derivation of such a valuation would be of undue cost and effort. The construction of these premises, which incorporate BREEAM requirements as well as sustainable design features, was part funded by an ERDF grant which assisted in making the project economically viable.

Under previous GAAP investment properties would be held at open market value at the point of completion. Under FRS102 however investment properties under construction are accounted for within investment properties at their estimated open market value less the costs to complete.

At the point of transition to FRS102 the valuation undertaken by the Directors, which leveraged bank valuations in the period, was lower than cost and therefore a revaluation loss of £1,735,314 was recognised in profit and loss. As the ERDF grant was attached to the construction of these premises a release of grant of £1,477,345 has also been recognised in profit and loss. The net impact of these adjustments is to reduce net assets by £258,079 at the transition date.

Chartered Accountants' Report to the Director on the Preparation of the Unaudited Statutory Accounts of Brownfield Investments Limited

Year Ended 31 May 2017

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the accounts of Brownfield Investments Limited for the year ended 31 May 2017 as set out on pages 2 to 11 from the company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/members/regulations-standards-and-guidance/>.

This report is made solely to the Board of Directors of Brownfield Investments Limited, as a body, in accordance with the terms of our engagement letter. Our work has been undertaken solely to prepare for your approval the accounts of Brownfield Investments Limited and state those matters that we have agreed to state to the Board of Directors of Brownfield Investments Limited, as a body, in this report in accordance with ICAEW Technical Release 07/16 AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Brownfield Investments Limited and its Board of Directors as a body for our work or for this report.

It is your duty to ensure that Brownfield Investments Limited has kept adequate accounting records and to prepare statutory accounts that give a true and fair view of the assets, liabilities, financial position and profit of Brownfield Investments Limited. You consider that Brownfield Investments Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the accounts of Brownfield Investments Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory accounts.

Francis Clark LLP

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Date: *27/11/17*