

Romulus Developments Limited

Annual Report and financial statements

Registered number 3211336

For the year ended

31 December 2018



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Directors' report

The directors present their annual report and the financial statements for the year ended 31 December 2018.

Principal activities

The principal activity of Romulus Developments Limited (the "Company") during the year was that of property investment.

Review of the business and future developments

During the year the Company continued to manage its property investment. The loss before tax for the financial year was £1.7m (2017: loss of £0.3m). Excluding the deficit arising on revaluation of investment property the loss before tax was £0.3m (2017: profit £0.4m).

The Company had net assets of £14.2m as at 31 December 2018 (2017: £15.6m).

The directors' strategy is to grow the value of the Company's property investments through asset management initiatives and investment. The directors believe in their reasonable opinion, based on the quality of the underlying property investment and the Company's robust capital structure, that the Company has adequate resources to continue in operation for the foreseeable future and therefore continue to adopt the going concern basis of preparation for the financial statements.

Dividends

The directors do not recommend the payment of a final dividend (*Year ended 31 December 2017: £Nil*).

Directors

The directors who held office during the year and up to the date of signing these financial statements were as follows:

DP Woolf
AJ Woolf
AT Woolf (appointed as a director on 1 June 2019)
TA Woolf
MJ Garner

Political Donations

No political donations were made during the year (2017: £nil).

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information 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 to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

Directors' report (continued)

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



M J Garner
Director

6 September 2019

Romulus Developments Limited
Registered Number 3211336

Registered address:
Sandford House
10 Maynard Close
Kings Road
London
SW6 2DB

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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 they have elected to prepare the financial statements in accordance with applicable law and Section 1A of FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (UK Generally Accepted Accounting Practice applicable to Smaller Entities).

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 estimates that are reasonable and prudent; and
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROMULUS DEVELOPMENTS LIMITED

Opinion

We have audited the financial statements of Romulus Developments Limited ("the company") for the year ended 31 December 2018, which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards applicable to smaller entities, including Section 1A of FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard, and the provisions available for small entities, in the circumstances set out in note 1. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Other Matters

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the Directors, such as valuation of investment properties and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going Concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROMULUS DEVELOPMENTS LIMITED (CONTINUED)

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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 prepare the financial statements in accordance with the small companies regime and, take advantage of the small companies exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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


INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROMULUS DEVELOPMENTS LIMITED (CONTINUED)

considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Malcolm Footer (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London

E14 5GL

6 September 2019

Statement of Comprehensive Income
for the year ended 31 December 2018

	<i>Note</i>	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Turnover		602,627	956,397
Gross profit		602,627	956,397
Administrative expenses		(674,035)	(264,747)
Operating (loss) / profit	2	(71,408)	691,650
Revaluation of Investment Properties	8	(1,343,870)	(705,244)
Interest receivable	4	128	35
Interest payable	5	(262,677)	(264,334)
Loss on ordinary activities before taxation		(1,677,827)	(277,893)
Taxation on loss on ordinary activities	6	283,040	93,911
Loss for the year		(1,394,787)	(183,982)
Total comprehensive loss		(1,394,787)	(183,982)

The loss for the year is derived from continuing operations.

The notes on pages 10-17 form part of these financial statements.

Statement of Financial Position
at 31 December 2018

	<i>Note</i>	31 December 2018		31 December 2017	
		£	£	£	£
Fixed assets					
Investment properties	8	19,947,826		20,047,765	
Current assets					
Debtors: falling due within one year	9	4,564,423		6,012,269	
Cash at bank		525,309		189,592	
		<u>5,089,732</u>		<u>6,201,861</u>	
Creditors: falling due within one year	10	<u>(824,575)</u>		<u>(396,503)</u>	
Net current assets		<u>4,265,157</u>		<u>5,805,358</u>	
Total assets less current liabilities		<u>24,212,983</u>		<u>25,853,123</u>	
Creditors: falling due after more than one year	11	<u>(7,678,153)</u>		<u>(7,724,541)</u>	
Provision for deferred tax	12	<u>(2,378,149)</u>		<u>(2,577,114)</u>	
Net assets		<u>14,156,681</u>		<u>15,551,468</u>	
Capital and reserves					
Called up share capital	13	2		2	
Profit and loss account		14,156,679		15,551,466	
Shareholders' funds		<u>14,156,681</u>		<u>15,551,468</u>	

The notes on pages 10-17 form part of these financial statements.

These financial statements were approved by the board of directors on 6 September 2019 and were signed on its behalf by:



M J Garner
Director

Statement of Changes in Equity

Year ended 31 December 2017

	Called up Share capital	Profit and loss account	Total equity
	£	£	£
Balance at 1 January 2017	2	15,735,448	15,735,450
Loss for the year	-	(183,982)	(183,982)
Balance at 31 December 2017	2	15,551,466	15,551,468

Year ended 31 December 2018

	Called up Share capital	Profit and loss account	Total equity
	£	£	£
Balance at 1 January 2018	2	15,551,466	15,551,468
Loss for the year	-	(1,394,787)	(1,394,787)
Balance at 31 December 2018	2	14,156,679	14,156,681

The notes on pages 10-17 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

The Company is a company limited by shares, incorporated and domiciled in the UK.

Basis of preparation

These financial statements have been prepared in accordance with applicable accounting standards. The Companies Act 2006 require the directors to prepare company financial statements for each financial year. Under this act, the directors have the choice whether their financial statements are prepared under that applicable law and either UK Accounting Standards (UK Generally Accepted Accounting Practice) or International Financial Reporting Standards (IFRSs) as adopted by the EU. The directors have decided to apply Section 1A of FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (UK Generally Accepted Accounting Practice applicable to Smaller Entities).

In these financial statements, the company is considered to be a small entity (for the purpose of this FRS) and has applied the exemptions available under Section 1A of FRS 102 in respect of the preparation of a statement of Cash Flows and related notes.

The Company's ultimate parent undertaking, Romulus Holdings Limited includes the Company in its consolidated financial statements, which are prepared in accordance with FRS 102 and are available to the public and may be obtained from Companies House. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the following exemptions available:

- Comparative period reconciliations for share capital, tangible fixed assets, intangible assets and investment properties; and
- Disclosures in respect of transactions with wholly owned subsidiaries and fellow subsidiaries of Romulus Holdings Limited.

As the consolidated financial statements of Romulus Holdings Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The Company will continue to adopt the reduced disclosure framework of Section 1A of FRS 102 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. The presentation currency of these financial statements is sterling.

Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments classified as fair value through the profit or loss or as available-for-sale, and investment property.

Going concern

The Company has considerable liquid assets and a well-located, saleable and income producing property investment, as such the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Notes (continued)

1 Accounting policies (continued)

Investment properties

Investment properties are held either to earn rental income or for capital appreciation or for both. Investment properties are stated at fair value. Any gains or losses arising from changes in the fair value are recognised in profit or loss in the period that they arise and no depreciation is provided in respect of investment properties applying the fair value model.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Tenant rental deposits held in segregated accounts are netted against the related liability.

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.

Turnover

Turnover comprises rental income and management fees receivable from letting of investment. Turnover is stated net of discounts and VAT.

Lease incentives in the form of rent-free periods or capital contributions are treated in accordance with FRS 102 and are amortised on a straight line basis over the length of the lease.

Taxation

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. The Company's group operates a policy of paying fellow group entities for group relief received on a full pro rata basis.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses for which the tax assessment periods are different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. For investment property that is measured at fair value, deferred tax is provided at the rates and allowances applicable to the sale of the asset/property at the year end.

Notes *(continued)*

1 **Accounting policies** *(continued)*

Taxation (continued)

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors.

Tax is recognised in the statement of total comprehensive income account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Related party disclosures

As the Company is a wholly owned subsidiary of Romulus Holdings Limited the Company has taken advantage of the exemption in FRS 102 and not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Romulus Holdings Limited, within which this company is included, can be obtained from Companies House.

Interest receivable and Interest payable

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

2 **Operating (loss)/profit**

The auditor's remuneration is paid by the parent Romulus Holdings Limited on the Company's behalf. The amounts paid to the Company's auditors for non-audit services in the year were £nil (*Year ended 31 December 2017: £nil*).

3 **Directors and staff**

The directors received no remuneration from the Company (*2017: £nil*). The Company did not employ any staff during the year (*2017: nil*).

Notes (*continued*)

4 Interest receivable

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
From bank deposits	128	35
	<u> </u>	<u> </u>

5 Interest payable

	Year ended 31 December 2018	Year ended 31 December 2017
On commercial property loans	262,677	264,333
	<u> </u>	<u> </u>

6 Taxation

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Current tax - group relief	(84,075)	80,728
Total current tax	<u>(84,075)</u>	<u>80,728</u>
Deferred tax:		
- Origination and reversal of timing differences	20,623	(5,210)
- On revaluation of investment property	(219,588)	(169,429)
Total deferred tax	<u>(198,965)</u>	<u>(174,639)</u>
Tax on loss on ordinary activities	<u>(283,040)</u>	<u>(93,911)</u>

Notes (continued)

7 Taxation (continued)

<i>Reconciliation on effective tax rate</i>	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Loss on ordinary activities before tax	(1,677,827)	(277,893)
Tax using UK corporation tax rate of 19% (2017: 19.25%)	(318,787)	(53,494)
Effects of:		
Revaluation of investment not taxable	255,335	135,760
Capital allowances in excess of depreciation	(20,623)	(1,538)
Movement in deferred tax	(198,965)	(174,639)
Current period tax charge	<u>(283,040)</u>	<u>(93,911)</u>

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 17% (effective 1 April 2020) were substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly.

8 Investment properties

	Freehold investment property £
At 1 January 2018	20,047,765
Additions	1,243,931
Revaluation	(1,343,870)
At 31 December 2018	<u>19,947,826</u>
Directors' valuation	20,000,000
Amounts included in accrued income	(52,174)
Book value as at 31 December 2018	<u>19,947,826</u>
	31 December 2018 £
<i>Historical cost of investment properties</i>	4,520,289
	31 December 2017 £
	3,276,358

Notes (continued)

8 Investment properties (continued)

The fair value of investment properties is the main area within the Financial Statements where there is significant estimation uncertainty, as property valuations are based on assumptions which may not prove to be accurate when the properties are disposed. The primary source of evidence for property valuations is recent, comparable market transactions on an arms' length basis having regard to whether the properties are let or unlet at the date of valuation.

The Company's investment properties are valued each year on the basis of Market Value by the Company's directors in accordance with the Royal Institution of Chartered Surveyors ('RICS') Valuation Professional Standards, taking into account of professional advice and third-party professional valuations where relevant.

In accordance with FRS 102 valuations are adjusted for recognition in the Statement of Financial Position for the impact of accrued income from lease incentives and the potential tax liability if the properties were sold is provided for in full.

9 Debtors

	31 December 2018	31 December 2017
	£	£
<i>Amounts falling due within one year</i>		
Trade debtors	137,581	88,575
Other debtors	48,789	-
Prepayments and accrued income	75,086	92,093
Amounts owed by parent company	4,302,967	5,831,601
	<hr/>	<hr/>
	4,564,423	6,012,269
	<hr/>	<hr/>

Amounts owed by the parent are unsecured, interest free and repayable on demand

10 Creditors: amounts falling due within one year

	31 December 2018	31 December 2017
	£	£
Commercial property loan	46,388	44,570
Trade creditors	296,786	95,643
Other creditors	302,202	119,738
Accruals and deferred income	179,199	136,552
	<hr/>	<hr/>
	824,575	396,503
	<hr/>	<hr/>

11 Creditors: amounts falling due after more than one year

	31 December 2018	31 December 2017
	£	£
Commercial property loan	7,678,153	7,724,541
	<hr/>	<hr/>
	7,678,153	7,724,541
	<hr/>	<hr/>

Notes (continued)

11 Creditors: amounts falling due after more than one year (continued)

	31 December 2018 £	31 December 2017 £
The commercial property loan is analysed as falling due:		
- within one year	46,388	44,570
- between one to two years	48,245	46,387
- between two to five years	156,741	150,682
- greater than five years	7,473,167	7,527,472
	<u>7,724,541</u>	<u>7,769,111</u>

The commercial property loan is secured over the assets of the Company and the assets of Romulus Securities Limited and Romulus City Limited. The loan matures in January 2024 and bears interest at a fixed rate of 3.37% per annum.

12 Provision for deferred tax

	31 December 2018 £	31 December 2017 £
Provision for deferred tax liability at start of year	2,577,114	2,751,753
Deferred tax credit for the year	(198,965)	(174,639)
	<u>2,378,149</u>	<u>2,577,114</u>
Deferred tax liabilities are attributed to the following:		
	£	£
Unrealised gain on investment properties	2,228,197	2,447,786
Accelerated capital allowances	149,952	129,328
	<u>2,378,149</u>	<u>2,577,114</u>

Notes (continued)

13 Called up share capital

	31 December 2018	31 December 2017
	£	£
<i>Allotted, called up and fully paid</i>		
2 ordinary shares of £1 each	2	2
	<u>2</u>	<u>2</u>

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

14 Ultimate parent company

The Company is a subsidiary undertaking of Romulus Holdings Limited, incorporated in England and Wales. Copies of the holding company's consolidated accounts are available from Companies House.

15 Related party transactions

The Company has taken advantage of the exemption under FRS 102, from disclosing transactions with other group companies.