

Handston Properties Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 31 December 2016

Handston Properties Limited

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Handston Properties Limited
(Registration number: 3409778)
Balance Sheet as at 31 December 2016

	Note	2016 £	(As restated) 2015 £
Fixed assets			
Investment property	<u>3</u>	3,577,862	3,327,862
Current assets			
Debtors	<u>4</u>	41,770	21,900
Cash at bank and in hand		23,304	25,113
		<hr/>	<hr/>
		65,074	47,013
Creditors: Amounts falling due within one year	<u>5</u>	(160,898)	(1,473,651)
		<hr/>	<hr/>
Net current liabilities		(95,824)	(1,426,638)
		<hr/>	<hr/>
Total assets less current liabilities		3,482,038	1,901,224
Creditors: Amounts falling due after more than one year	<u>5</u>	(906,745)	(1,967,024)
		<hr/>	<hr/>
Net assets/(liabilities)		2,575,293	(65,800)
		<hr/> <hr/>	<hr/> <hr/>
Capital and reserves			
Called up share capital		200	2
Profit and loss account		2,575,093	(65,802)
		<hr/>	<hr/>
Total equity		2,575,293	(65,800)
		<hr/> <hr/>	<hr/> <hr/>

For the financial year ending 31 December 2016 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 prepared 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 6 January 2017

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Mr GC Hands

Director

The notes on pages 2 to 9 form an integral part of these financial statements.

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Notes to the Financial Statements for the Year Ended 31 December 2016

1 General information

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

The	address	of	its	registered	office	is:
H a n d s t o n						C o u r t
T h r o o p						R o a d
T h r o o p						
B o u r n e m o u t h						
D o r s e t						
BH8 0DL						

These financial statements were authorised for issue by the director on 6 January 2017.

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.

Going concern

The financial statements have been prepared on a going concern basis.

Reclassification of comparative amounts

Previously rental income has been described as "Other operating income" and along with the transition to FRS 102 it is now reclassified as "Turnover", being the primary source of income of this company.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the letting of investment properties, sale of goods and provision of services in the ordinary course of the Company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company. The Company recognises revenue when: The amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met for each of the Company's activities.

Tax

The tax expense for the period comprises current 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.

Handston Properties Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

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

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed. Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Depreciation

Asset class	Depreciation method and rate
Plant	25% pa. straight line basis
Commercial motor vehicles	25% pa. straight line basis

Investment property

Investment property is included at fair value. Gains are recognised in the income statement. Deferred taxation is provided on these gains at the rate expected to apply when the property is sold.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the Company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities. Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

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Notes to the Financial Statements for the Year Ended 31 December 2016

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

3 Investment properties

	2016 £
At 1 January	3,327,862
Fair value adjustments	250,000
	<hr/>
At 31 December	3,577,862
	<hr/> <hr/>

The director will normally apply HMRC capital indexation allowance to the period since the last independent valuation or cost if later. However with a combination of knowledge of current market conditions and the statement made on 6 December 2016 by the Bank of England the director has decided not to apply this enhancement subsequent to independent valuation or cost. The statement by the Bank of England is referred to below: "The Bank of England has warned of a risk of further losses in the UK's commercial real estate sector. A risk of further adjustment in the sector has been highlighted by the Bank's Financial Policy Committee and this could create knock-on risks for the financial system. The risk to the broader financial system could be exacerbated by the reliance on inflows of foreign capital, while the Bank says valuations appear to be 'stretched' for some parts of the sector. Foreign investors are also vulnerable to exchange rate fluctuations. Following the Brexit vote, the Bank says there was a sharp decline in commercial property activity, with a 27% drop in third quarter transactions compared to the previous year. Open-ended funds have been put under pressure as a result of the slowdown. The Bank says the ability to access credit could be weakened by another financial crisis if the value of property used as collateral declines." However there has been a grant of planning permission on land at Forest Business Centre, Fawley, Hampshire. Accordingly the value of this property is increased by £250,000 and thereby reflects its current fair value.

Valuation of all properties was carried out by Cowling & West, Chartered Surveyors, and dated 10 January 2010

4 Debtors

2016	2015
£	£

Trade debtors

41,770	21,900
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Total current trade and other debtors

41,770	21,900
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Handston Properties Limited
Notes to the Financial Statements for the Year Ended 31 December 2016

	2016	2015
	£	£
Trade debtors	41,770	21,900
	<hr/>	<hr/>
Total current trade and other debtors	41,770	21,900
	<hr/> <hr/>	<hr/> <hr/>

5 Creditors

	Note	2016	2015
		£	£
Due within one year			
Bank loans and overdrafts	<u>6</u>	129,535	1,452,628
Taxation and social security		19,570	9,291
Other creditors		11,793	11,732
		<hr/>	<hr/>
		160,898	1,473,651
		<hr/> <hr/>	<hr/> <hr/>
Due after one year			
Loans and borrowings	<u>6</u>	906,745	1,967,024
		<hr/> <hr/>	<hr/> <hr/>

	2016	2015
	£	£
After more than five years by instalments	469,613	582,946

6 Loans and borrowings

	2016	2015
	£	£
Non-current loans and borrowings		

Bank borrowings	906,745	1,967,024
	2016	2015
	£	£
Current loans and borrowings		
Bank borrowings	129,535	1,046,583
Other borrowings	-	406,045
	129,535	1,452,628

Bank borrowings

Lloyds Bank plc is denominated in sterling with a nominal interest rate of base rate plus 1.5%, and the final instalment is due on 28 February 2025. The carrying amount at year end is £1,036,280 (2015 - £1,967,024).

The company freehold investment properties are pledged as security for all bank borrowing.

Included in the loans and borrowings are the following amounts due after more than five years:

Bank loans and overdrafts after five years

Repayable by monthly instalments until 2 February 2025 at base rate plus 1.5%

Handston Properties Limited
Notes to the Financial Statements for the Year Ended 31 December 2016

7 Dividends

The director is proposing a final dividend of £Nil (2015 - £Nil) per share totalling £Nil (2015 - £Nil). This dividend has not been accrued in the Balance Sheet.

8 Related party transactions

Summary of transactions with entities with joint control or significant interest

Loan	from	Handston	Investments	Limited
For the purpose of	long term	funding of	freehold property	developments
Loans were made	interest	free and	repayable upon	demand

Loans from related parties

	Entities with joint control or significant influence £
2016	
At start of period	1,459,628
Advanced	800,000
Written Off	(2,259,628)
	<hr/>
At end of period	-
	<hr/> <hr/>

	Entities with joint control or significant influence £
2015	
At start of period	1,459,628
	<hr/> <hr/>

Terms of loans from related parties

Loan from company controlled by G C Hands. It was decided, at a board meeting of the lending entity, to write off this debt as it was unlikely to be repaid owing to the company bankers declining to advance funds

9 Transition to FRS 102

Transfer of reserve arising from previous investment property revaluations to Profit and Loss account reserve in line with current policy of stating investment property at fair value. The treatment of rental income has been changed from other operating income to turnover as it is the principal income of the company.

Handston Properties Limited
Notes to the Financial Statements for the Year Ended 31 December 2016

Balance Sheet at 1 January 2015

	Note	As originally reported £	Reclassification £	Remeasurement £	As restated £
Fixed assets					
Investment property		2,927,862	-	-	2,927,862
Current assets					
Debtors		15,945	-	-	15,945
Cash at bank and in hand		57,003	-	-	57,003
		72,948	-	-	72,948
Creditors: Amounts falling due within one year		(1,485,654)	-	-	(1,485,654)
Net current liabilities		(1,412,706)	-	-	(1,412,706)
Total assets less current liabilities		1,515,156	-	-	1,515,156
Creditors: Amounts falling due after more than one year		(2,094,234)	-	-	(2,094,234)
Net liabilities		(579,078)	-	-	(579,078)
Capital and reserves					
Capital redemption reserve		(2)	-	-	(2)
Revaluation reserve		400,000	-	-	400,000
Profit and loss account		179,080	-	-	179,080
Total equity		579,078	-	-	579,078

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Notes to the Financial Statements for the Year Ended 31 December 2016

Balance Sheet at 31 December 2015

	Note	As originally reported £	Reclassification £	Remeasurement £	As restated £
Fixed assets					
Investment property		2,927,862	400,000	-	3,327,862
Current assets					
Debtors		21,900	-	-	21,900
Cash at bank and in hand		25,113	-	-	25,113
		47,013	-	-	47,013
Creditors: Amounts falling due within one year		(1,473,650)	-	(1)	(1,473,651)
Net current liabilities		(1,426,637)	-	(1)	(1,426,638)
Total assets less current liabilities		1,501,225	400,000	(1)	1,901,224
Creditors: Amounts falling due after more than one year		(1,967,024)	-	-	(1,967,024)
Net (liabilities)/assets		(465,799)	400,000	(1)	(65,800)
Capital and reserves					
Called up share capital	(2)	-	-	-	(2)
Revaluation reserve		400,000	(400,000)	-	-
Profit and loss account		65,801	-	1	65,802
Total equity		465,799	(400,000)	1	65,800

Handston Properties Limited
Notes to the Financial Statements for the Year Ended 31 December 2016

Profit and Loss Account for the year ended 31 December 2015

	Note	As originally reported £	Reclassification £	Remeasurement £	As restated £
Turnover		-	241,562	-	241,562
Cost of sales	46	-	-	-	46
Gross profit	46	241,562	-	-	241,608
Administrative expenses	(46,304)	-	-	-	(46,304)
Other operating income	241,562	(241,562)	-	-	-
Operating profit	195,304	-	-	-	195,304
Interest payable and similar charges	(82,025)	-	-	-	(82,025)
	(82,025)	-	-	-	(82,025)
Profit before tax	113,279	-	-	-	113,279
Profit for the financial year	113,279	-	-	-	113,279

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