

PCAL PROPERTIES LIMITED

UNAUDITED

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE YEAR ENDED 31 MAY 2018



PCAL PROPERTIES LIMITED
REGISTERED NUMBER: 03444266

STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	6	7,651	9,021
Investment property	7	2,026,000	2,701,000
		<u>2,033,651</u>	<u>2,710,021</u>
Current assets			
Debtors: amounts falling due within one year	8	550,900	550,900
Cash at bank and in hand	9	433,679	5,079
		<u>984,579</u>	<u>555,979</u>
Creditors: amounts falling due within one year	10	(617,053)	(628,676)
Net current assets/(liabilities)		<u>367,526</u>	<u>(72,697)</u>
Total assets less current liabilities		<u>2,401,177</u>	<u>2,637,324</u>
Creditors: amounts falling due after more than one year	11	(930,330)	(1,005,839)
Provisions for liabilities			
Deferred tax	13	(18,130)	(115,540)
		<u>(18,130)</u>	<u>(115,540)</u>
Net assets		<u><u>1,452,717</u></u>	<u><u>1,515,945</u></u>
Capital and reserves			
Called up share capital	14	2	2
Profit and loss account		1,452,715	1,515,943
		<u><u>1,452,717</u></u>	<u><u>1,515,945</u></u>

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

PCAL PROPERTIES LIMITED
REGISTERED NUMBER: 03444266

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MAY 2018

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

P H Friend
Director

Date: 26 February 2019

The notes on pages 4 to 11 form part of these financial statements.

PCAL PROPERTIES LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2018**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 June 2016	2	1,851,364	1,851,366
Comprehensive income for the year			
Loss for the year	-	(335,421)	(335,421)
At 1 June 2017	2	1,515,943	1,515,945
Comprehensive income for the year			
Loss for the year	-	(63,228)	(63,228)
At 31 May 2018	2	1,452,715	1,452,717

The notes on pages 4 to 11 form part of these financial statements.

PCAL PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2018

1. General information

These financial statements are presented in Pounds Sterling (GBP), as that is the currency in which the majority of the Company's transactions are denominated. They comprise the financial statements of the individual private Company for the year ended 31 May 2018.

The Company has determined that the pound is the functional currency as this is the currency of the economic environment in which the Company predominantly operates.

The principal activity of the Company is to invest in rental properties.

The Company is a United Kingdom company limited by shares. It is both incorporated and domiciled in England and Wales. The registered office address is 150 Aldersgate Street, London, EC1A 4AB.

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 Section 1A of 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 judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Turnover

Turnover represents rent receivable in the year.

2.3 Interest income

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

2.4 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.

PCAL PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2018

2. Accounting policies (continued)

2.5 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 reporting 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 Statement of Financial Position 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 reporting date.

2.6 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, 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.

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:

Plant and machinery	- 10% straight line
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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.

2.7 Investment property

Investment property is carried at fair value determined annually by the directors and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive Income.

PCAL PROPERTIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2018**

2. Accounting policies (continued)

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. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.10 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.

2.11 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 Statement of Financial Position 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 Statement of Financial Position.

2.12 Financial instruments

Financial instruments are recognised in the Statement of Financial Position when the company becomes party to the contractual provisions of the instrument. Financial instruments are initially measured at transaction price unless the arrangement constitutes a financing transaction which includes transaction costs for financial instruments not subsequently measured at fair value. Subsequent to initial recognition, they are measured as set out below. A financing transaction is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Classification

Financial instruments are classified as either 'basic' or 'other' in accordance with Chapter 11 of FRS 102.

Subsequent measurement

Loans and receivables are measured at amortised cost, using the effective interest method. Trade debtors and trade payables are recognised at the undiscounted amount owed by the customer or to the supplier, which is normally the invoice amount.

PCAL PROPERTIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2018**

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

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The directors consider the following areas to involve considerable degree of estimation uncertainty:

Investment properties:

The Company's investment properties are measured at fair value. The valuation was carried out by the directors. The directors have used observable market prices, which can fluctuate upwards as well as downwards and have been adjusted, as necessary, for any difference in the condition of the asset.

4. Other operating income/(expense)

	2018 £	2017 £
Profit/(loss) on disposal of investment property	409,250	(123,822)
	<u>409,250</u>	<u>(123,822)</u>

5. Employees

The average monthly number of employees, including directors, during the year was 2 (2017 - 2).

PCAL PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2018

6. Tangible fixed assets

	Plant and machinery £
Cost or valuation	
At 1 June 2017	27,122
Disposals	(12,292)
At 31 May 2018	<u>14,830</u>
Depreciation	
At 1 June 2017	18,101
Charge for the year on owned assets	1,370
Disposals	(12,292)
At 31 May 2018	<u>7,179</u>
Net book value	
At 31 May 2018	<u><u>7,651</u></u>
At 31 May 2017	<u><u>9,021</u></u>

PCAL PROPERTIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2018**

7. Investment property

	Long term leasehold investment property £
Valuation	
At 1 June 2017	2,701,000
Disposals	(600,000)
Decrease on revaluation	(75,000)
At 31 May 2018	2,026,000

During the year the company sold 8 Lambert House for development for an up front cash consideration of £590,000.

The 2018 valuations were made by the directors, on an open market value for existing use basis.

8. Debtors

	2018 £	2017 £
Trade debtors	900	900
Other debtors	550,000	550,000
	550,900	550,900

Other debtors includes assets under construction, with the leases being assigned to the company following completion of the construction of the flats. As at 31 May 2018, the two flats had a market value of £275,000 each.

9. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	433,679	5,079
	433,679	5,079

PCAL PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2018

10. Creditors: Amounts falling due within one year

	2018 £	2017 £
Corporation tax	47,870	30,839
Other creditors	-	1,000
Accruals and deferred income	569,183	596,837
	<u>617,053</u>	<u>628,676</u>

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

	2018 £	2017 £
Other creditors	<u>930,330</u>	<u>1,005,839</u>

12. Financial instruments

	2018 £	2017 £
Financial assets		
Financial assets measured at fair value through profit or loss	<u>433,679</u>	<u>5,079</u>

Financial assets measured at fair value through profit or loss comprise cash and cash equivalents.

13. Deferred taxation

	2018 £
At beginning of year	(115,540)
Charged to profit or loss	97,410
At end of year	<u>(18,130)</u>

PCAL PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2018

13. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	2018 £	2017 £
On revaluation of property	18,130	115,540
	<u>18,130</u>	<u>115,540</u>

14. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
2 (2017 - 2) Ordinary shares of £1.00 each	2	2
	<u>2</u>	<u>2</u>

15. Related party transactions

The creditor falling due in more than one year represents amounts due to P H Friend and C M Friend, directors and shareholders of the company. The purpose of these loans were to finance the investment property purchases of the company. The directors have confirmed that it is not their intention to demand repayment of their loans within one year of the balance sheet date.

Interest is charged at 3% on the balance owed to C M Friend - £13,500 (2017: £21,000). No interest was charged on the amount owing to P H Friend (2017 interest was charged at 3% : £21,000).

The total loan balance outstanding at the year end was £930,330 (2017: £1,005,839).