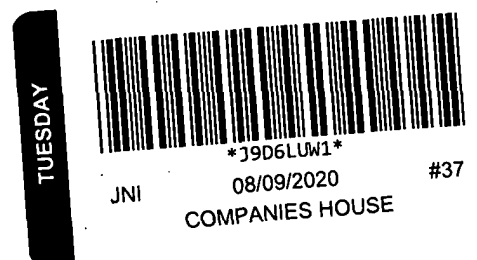


**Chesterfield (The Pavements)  
Subsidiary Limited**

**Filleted financial statements**

**Year ended 30 September 2019**

**Registered number: 04726436**



# **Chesterfield (The Pavements) Subsidiary Limited**

## **Filleted financial statements**

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# Chesterfield (The Pavements) Subsidiary Limited

## Balance sheet

as at 30 September 2019

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Investment property	2	17,590,000	17,590,000
<b>Current assets</b>			
Debtors	3	360,521	279,901
Cash at bank and in hand	4	136	36,455
		360,657	316,356
<b>Creditors: amounts falling due within one year</b>	5	(5,722,722)	(6,153,594)
<b>Net current liabilities</b>		(5,362,065)	(5,837,238)
<b>Total assets less current liabilities</b>		12,227,935	11,752,762
<b>Net assets</b>		12,227,935	11,752,762
<b>Capital and reserves</b>			
Called up share capital	6	103	1
Profit and loss account		12,227,832	11,752,761
<b>Shareholders' funds</b>		12,227,935	11,752,762

The accounts have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The profit and loss account, directors' report and auditor's report have not been delivered to the Registrar of Companies in accordance with the special provisions applicable to companies subject to the small companies regime.

These filled financial statements were approved by the board of directors on 27 August 2020 and were signed on its behalf by:

  
Shane McCrory  
Director

Company number: 04726436

# Chesterfield (The Pavements) Subsidiary Limited

## Notes

*forming part of the filleted financial statements*

### 1 Accounting policies

Chesterfield (The Pavements) Subsidiary Limited (the "company") is a company limited by shares and incorporated, domiciled and registered in United Kingdom. The registration number is 04726436 and the address of its registered office is 26/28 Great Portland Street, London, W1W 8QT.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102"). The presentation currency of these financial statements is sterling.

Pursuant to Section 383 of the Companies Act 2006, the group qualifies as small and therefore is exempt from the requirement to prepare consolidated financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 13.

#### Cash flow exemption

The company availed of the exemption contained in Section 7.1B of FRS 102 and has elected not to prepare a cash flow statement.

#### 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: investment property measured at fair value.

#### Going concern

The company made a profit of £475,071 during the year and had net assets of £12,227,935 at 30 September 2019 (2018: £11,752,762).

On 11 March 2020, the World Health Organization officially declared Covid-19, the disease caused by novel coronavirus, a pandemic. The Directors are closely monitoring the evolution of this pandemic, including how it may affect the economy and the general population. The Directors have not yet determined the overall financial impact from Covid-19 but note that there is uncertainty regarding the future rental incomes of the company's investment properties assets due to the Covid-19 pandemic. The directors are actively considering the impact around future cash flows. The company is a joint and several guarantor for debt liabilities (see note 10).

Whilst this situation is under constant review, the directors are conscious that Covid-19 has led to significant volatility and it is uncertain how long this volatility will continue at this time and the potential impacts of Covid-19 are uncertain and difficult to assess. These events constitute a material uncertainty that may cast doubt on the Company's ability to continue as a going concern and therefore the Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

# Chesterfield (The Pavements) Subsidiary Limited

## Notes (continued)

### 1 Accounting policies (continued)

#### Classification of financial instruments issued by the company

In accordance with FRS 102.22, financial instruments issued by the company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

#### Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost.

Subsequent to initial recognition:

- (i) investment properties whose fair value can be measured reliably without undue cost or effort are held 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
- (ii) no depreciation is provided in respect of investment properties applying the fair value model.

The accounting policy adopted is therefore necessary for the financial statements to give a true and fair view. If depreciation were to be provided it would be provided at a rate of 2% per annum on the revalued amount. If a reliable measure is not available without undue cost or effort for an item of investment property, this item is thereafter accounted for as tangible fixed assets in accordance with Section 17 of FRS 102 until a reliable measure of fair value becomes available.

As at 30 September 2019, £17,590,000 (2018: £17,590,000) of investment property fair value has been assessed by the directors and is based on a valuation exercise undertaken by an external independent valuer in March 2019, having an appropriate recognised professional qualification and recent experience in the location and class of property being valued.

The valuations which are supported by previous market evidence are prepared by considering the aggregate of the net annual rents receivable from the properties and where relevant, associated costs. A yield which reflects the specific risks interest in the net cash flows is then applied to the net annual rentals to arrive at the property valuation. The yield applied is 5.25%.

# Chesterfield (The Pavements) Subsidiary Limited

## Notes *(continued)*

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

#### **Basic financial instruments**

##### ***Trade and other debtors/creditors***

Trade and other debtors are recognised initially at transactions price plus attributable transaction costs. Trade and other creditors are recognised initially at transactions price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

##### ***Cash and cash equivalents***

Cash and cash equivalents comprise cash balances and call deposits.

#### **Impairment excluding investment properties and deferred tax assets**

##### ***Financial assets (including trade and other debtors)***

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the entity would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

#### **Turnover**

Turnover, which excludes VAT, represents service charge income and rental income. Rental income is recognised on a straight line basis over the term of the respective leases. Service charge income is recognised on a straight line basis over the period to which the billing relates.

#### **Provisions**

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

# Chesterfield (The Pavements) Subsidiary Limited

## Notes (continued)

### 1 Accounting policies (continued)

#### Expenses

##### *Interest receivable and interest payable*

Interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains. Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest rate method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

#### Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss 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.

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.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods 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 provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

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 non-depreciable assets that are measured using the revaluation model, or 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, except when the investment property has a limited useful life and the objective of the company's business model is to consume substantially all of the value through use. In the latter case the tax rate that is expected to apply to the reversal of the related difference is used. Deferred tax balances are not discounted.

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.

# Chesterfield (The Pavements) Subsidiary Limited

## Notes (continued)

<b>2 Investment property</b>	<b>2019 £</b>	<b>2018 £</b>
Valuations at beginning of year	<b>17,590,000</b>	18,250,000
Impairment in year	-	(660,000)
	<hr/>	<hr/>
<b>Valuations at end of year</b>	<b>17,590,000</b>	<b>17,590,000</b>
	<hr/>	<hr/>

The company holds investment properties in Chesterfield, United Kingdom. For the purposes of these financial statements, the directors have assessed the fair value as at 30 September 2019. The fair value of investment properties as at 30 September 2019 reflects the results of a valuation exercise carried out in March 2019 by an external, independent valuer, having an appropriate recognised professional qualification and recent experience in the location and class of property being valued. The valuation was undertaken in accordance with the Royal Institute of Chartered Surveyors.

The valuations which are supported by previous market evidence, are prepared by considering the aggregate of the net annual rents receivable from the properties and where relevant, associated costs. A yield which reflects the specific risks inherent in the net cash flows is then applied to the net annual rentals to arrive at the property valuation. The yield applied is 5.25%.

The historical cost and aggregate depreciation based on historical cost calculated at a rate of 2% per annum are given below:

	<b>2019 £</b>	<b>2018 £</b>
Historical cost	<b>23,000,000</b>	23,000,000
Aggregate depreciation thereon	<b>(7,360,000)</b>	(6,900,000)
	<hr/>	<hr/>
<b>Historical cost net book value</b>	<b>15,640,000</b>	<b>16,100,000</b>
	<hr/>	<hr/>

<b>3 Debtors: amounts falling due within one year</b>	<b>2019 £</b>	<b>2018 £</b>
Amounts owed by connected parties	<b>19,414</b>	13,164
Amounts owed by group undertakings	<b>194,592</b>	194,592
Prepayments and accrued income	<b>87,823</b>	72,145
Corporation tax	<b>58,692</b>	-
	<hr/>	<hr/>
	<b>360,521</b>	<b>279,901</b>
	<hr/>	<hr/>

Amounts owed by connected parties and group undertakings are on demand with no interest.



# Chesterfield (The Pavements) Subsidiary Limited

## Notes (continued)

<b>4</b>	<b>Cash and cash equivalents</b>	<b>2019</b>	<b>2018</b>
		<b>£</b>	<b>£</b>
	Cash at bank and in hand	<b>136</b>	<b>36,455</b>
		<hr/>	<hr/>
<b>5</b>	<b>Creditors: amounts falling due within one year</b>	<b>2019</b>	<b>2018</b>
		<b>£</b>	<b>£</b>
	Trade creditors	<b>2,203</b>	-
	Other creditors including tax and social welfare	<b>158,078</b>	<b>115,460</b>
	Accruals	<b>42,378</b>	<b>188,506</b>
	Amounts owed to group undertakings	<b>5,339,563</b>	<b>5,849,628</b>
	Amounts owed to connected parties	<b>180,500</b>	-
		<hr/>	<hr/>
		<b>5,722,722</b>	<b>6,153,594</b>
		<hr/>	<hr/>
	Tax and social welfare included in other creditors:		
	Corporation tax	-	<b>58,554</b>
	VAT	<b>42,377</b>	<b>56,906</b>
		<hr/>	<hr/>
		<b>42,377</b>	<b>115,460</b>
		<hr/>	<hr/>

Amounts owed to group undertakings and connected parties are on demand with no interest.

<b>6</b>	<b>Called up share capital</b>	<b>2019</b>	<b>2018</b>
		<b>£</b>	<b>£</b>
	<b>Authorised</b>		
	1,000 ordinary shares of £1 each	<b>1,000</b>	<b>1,000</b>
		<hr/>	<hr/>
	<b>Allotted, called up and partly paid</b>		
	1 ordinary share of £1 each	-	1
	100 "A" ordinary shares of £1 each	<b>100</b>	-
	3 "B" ordinary shares of £1 each	<b>3</b>	-
		<hr/>	<hr/>
		<b>103</b>	<b>1</b>
		<hr/>	<hr/>

In September 2019, the Company issued 99 ordinary shares of £1.00 each. Subsequent to this, the Company redesignated the issued ordinary shares of £1.00 each to 100 "A" ordinary shares of £1.00 each and issued 3 "B" ordinary shares of £1.00 each. The "A" ordinary shares and "B" ordinary shares will rank pari passu in all respects as if they were a single class of shares.

The rights of "A" and "B" shares are set out in the Memorandum and Articles of Association.

# Chesterfield (The Pavements) Subsidiary Limited

## Notes (continued)

### 7 Related party transactions

#### Formcrest Construction Limited

During the year, the company repaid net funds of £443,641 (2018: £940,799) to its ultimate parent company, Formcrest Construction Limited. At the year end, the company owed Formcrest Construction Limited £5,339,563 (2018: £5,849,628).

#### Apamore Services Limited

During the year, the company was charged management fees from Apamore Services Limited totalling £246,000. The company repaid amounts of £86,500 during the year to Apamore Services Limited. At the year end, the company owed Apamore Services Limited £180,500 (2018: £Nil).

#### Chesterfield (The Pavements) Limited

At year end, Chesterfield (The Pavements) Limited owed the company £194,592 (2018: £194,592). Chesterfield (The Pavements) Limited is the parent company of Chesterfield (The Pavements) Subsidiary Limited.

#### Abey Developments Limited

During the year, the company advanced amounts totalling £6,250 to Abey Developments Limited. At year end, Abey Developments Limited owed the company £19,414 (2018: £13,164).

### 8 Ultimate parent undertaking/controlling party

Chesterfield (The Pavements) Limited is the immediate parent undertaking. The ultimate parent company is Formcrest Construction Limited, a company registered in Northern Ireland. The registered office address is 8A Garvagh Road, Donaghmore, Dungannon, Tyrone, BT70 3LS. Formcrest Construction Limited is controlled by Mr Padraig Drayne and Mr Patrick McKillen.

### 9 Post balance sheet events

On 11 March 2020, the World Health Organization officially declared COVID-19, the disease caused by novel coronavirus, a pandemic.

For the company's 30 September 2019 financial statements, the Coronavirus outbreak and the related impacts are considered non-adjusting events. Consequently, there is no impact on the recognition and measurement of assets and liabilities.

There have been no other significant events since the balance sheet which would require disclosure in or amendment of these financial statements apart from the above.

### 10 Audit report

On 27 August 2020, KPMG reported, as statutory auditors of Chesterfield (The Pavements) Subsidiary Limited, to the members of the company on the financial statements for the year ended 30 September 2019 and the report was unqualified and contains an other matter in respect of a material uncertainty related to going concern.

# Chesterfield (The Pavements) Subsidiary Limited

## Notes *(continued)*

### **10 Audit report *(continued)***

We draw attention to note 1 to the financial statements which indicates that there is uncertainty caused by the onset of the COVID-19 pandemic in respect of the company, who is a joint and several guarantor to other connected company debt obligations. There is uncertainty of the future rental income of the company's investment property assets due to COVID-19 pandemic. These events and conditions, along with the other matters explained in note 1, constitute a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

The audit report was signed by Cathy Byrne (Senior Statutory Auditor) for and on behalf of KPMG, Chartered Accountants, Statutory Audit Firm.

### **11 Approval of financial statements**

The financial statements were approved by the board of directors on 27 August 2020.