

Chesterfield (The Pavements) Subsidiary Limited

Filleted financial statements

Year ended 30 September 2017

Registered number: UK 04726436

THURSDAY



J7BØMED4
JNI 26/07/2018 #80
COMPANIES HOUSE

Chesterfield (The Pavements) Subsidiary Limited

Filleted financial statements

<i>Contents</i>	<i>Page</i>
Balance sheet	1
Notes forming part of the filleted financial statements	2

Chesterfield (The Pavements) Subsidiary Limited

Balance sheet

as at 30 September 2017

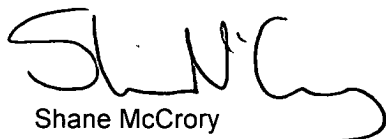
Company registered number: 04726436

	Note	2017 £	2016 £
Fixed assets			
Investment property	2	18,250,000	20,140,000
Current assets			
Debtors	3	273,170	303,019
Cash at bank and in hand		19,307	61,824
		292,477	364,843
Creditors: amounts falling due within one year	4	(7,199,766)	(8,373,232)
Net current liabilities		(6,907,289)	(8,008,389)
Net assets		11,342,711	12,131,611
Capital and reserves			
Called up share capital	5	1	1
Profit and loss account		11,342,710	12,131,610
Shareholders' funds		11,342,711	12,131,611

These 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 auditors' 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.

The financial statements were approved by the board of directors on 30 April 2018 and were signed on its behalf by


Shane McCrory
Director

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 and domiciled in the UK. The address of its registered office is 3rd Floor, 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") as issued in August 2014. The amendments to FRS 102 issued in July 2015 have been applied. The presentation currency of these financial statements is Sterling.

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 8.

Measurement convention

The financial statements are prepared on the historical cost basis with the exception of financial instruments classified at fair value through profit or loss.

Going concern

The directors have reviewed budgets, projected cash flows and all other relevant information and, on the basis of this review, are confident that the company has adequate financial resources to continue in operational existence for the foreseeable future.

As a result, the directors believe that it is appropriate to continue to prepare the financial statements on a going concern basis.

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.

Chesterfield (The Pavements) Subsidiary Limited

Notes (continued)

1 Accounting policies (continued)

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.

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 at transaction 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.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

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)

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.

Chesterfield (The Pavements) Subsidiary Limited

Notes (continued)

1 Accounting policies (continued)

Impairment excluding investment properties and deferred tax assets (continued)

Financial assets (including trade and other debtors) (continued)

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.

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.

Chesterfield (The Pavements) Subsidiary Limited

Notes (continued)

1 Accounting policies (continued)

Taxation (continued)

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.

2 Investment property

	2017 Stg£	2016 Stg£
Valuation at beginning of year	20,140,000	22,000,000
Impairment in year	(1,890,000)	(1,860,000)
	<hr/>	<hr/>
	18,250,000	20,140,000
	<hr/>	<hr/>

The company holds investment properties in Chesterfield, United Kingdom. The investment property fair value is based on a valuation 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 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 6.8%.

Chesterfield (The Pavements) Subsidiary Limited

Notes (continued)

2 Investment property (continued)

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

	2017 £	2016 £
Historical cost	23,000,000	23,000,000
Aggregate depreciation thereon	(6,440,000)	(5,980,000)
	<hr/>	<hr/>
Historical cost net book value	16,560,000	17,020,000
	<hr/>	<hr/>

3 Debtors: amounts falling due within one year

	2017 £	2016 £
Amounts owed by group undertakings	211,704	200,756
Prepayments and accrued income	61,466	102,263
	<hr/>	<hr/>
	273,170	303,019
	<hr/>	<hr/>

4 Creditors: amounts falling due within one year

	2017 £	2016 £
Other creditors including tax and social welfare	120,435	83,603
Amounts owed to group undertakings	6,880,621	8,034,647
Accruals	198,710	254,982
	<hr/>	<hr/>
	7,199,766	8,373,232
	<hr/>	<hr/>

5 Called up share capital

	2017 £	2016 £
Authorised		
1,000 ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
Allotted, called up and fully paid		
1 ordinary shares of £1 each	1	1
	<hr/>	<hr/>

Chesterfield (The Pavements) Subsidiary Limited

Notes (continued)

6 Related party transactions

Formcrest Construction Limited

During the year, the company repaid net funds of Stg£1,244,221 (2016: Stg£1,029,181) to its ultimate parent company, Formcrest Construction Limited. At the year end, the company owed Formcrest Construction Limited Stg£6,790,427 (2016: Stg£8,034,648).

Apamore Services Limited

During the year, the company received funds of Stg£90,194 (2016: Stg£Nil) from Apamore Services Limited. At the year end, the company owed Apamore Services Limited Stg£90,194 (2016: Stg£Nil).

Chesterfield (The Pavements) Limited

At year end, Chesterfield (The Pavements) Limited owed the company Stg£194,592 (2016: Stg£194,592). Chesterfield (The Pavements) Limited is the parent company of Chesterfield (The Pavements) Subsidiary Limited.

Abey Developments Limited

At year end, Abey Developments Limited owed the company Stg£11,884 (2016: Stg£6,164).

7 Contingencies

The company together with Abey Developments Limited, Dellway Investments Limited, Chesterfield (The Pavements) Limited, Formcrest Construction Limited, Pavements (UK) No.1 Limited, Quail (Chesterfield) Limited ("the group"), provided an intercompany cross guarantee to Bank of Ireland in respect of all facilities provided by Bank of Ireland to the group, which were Stg£20.5m at 30 September 2017 (2016: Stg£21.1m).

The liabilities due to Bank of Ireland are supported by a debenture on all the assets and undertakings of all companies within the group. The company has also provided an intercompany cross guarantee to Bank of Ireland in respect of all facilities provided by the bank to the Belfast Office Properties Limited group, which were STG £119.4m at 30 September 2017 (2016: Stg£122.8m).

8 Accounting estimates and judgements

In the application of the accounting policies, which are described in note 1, 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.

Key source of estimation uncertainty

Valuation of investment property

Determining whether investment property is valued at market value requires estimates based on rental income (based on current and projected rent and occupancy levels) and yield (based on the nature and locations of each property).

Chesterfield (The Pavements) Subsidiary Limited

Notes *(continued)*

9 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. Formcrest Construction Limited is controlled by Mr Padraig Drayne and Mr Patrick McKillen.

10 Post balance sheet events

There have been no significant post balance sheet events.

11 Audit report

On 2 May 2018 KPMG reported, as auditors of Chesterfield (The Pavements) Limited, to the members on the company's financial statements for the year ended 30 September 2017 the Report was unqualified and unmodified. The audit report was signed by Cathy Byrne (Senior Statutory Auditor) for and on behalf of KPMG, Chartered Accountants, Statutory Audit Firm.