

**Chesterfield (The Pavements)
Subsidiary Limited**

Filleted financial statements

Year ended 30 September 2022

Registered number: 04726436

Chesterfield (The Pavements) Subsidiary Limited

Filleted financial statements

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Chesterfield (The Pavements) Subsidiary Limited

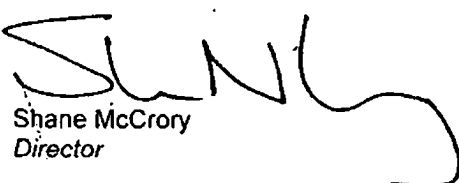
Balance sheet as at 30 September 2022

	Note	2022 £	2021 £
Fixed assets			
Investment property	2	-	-
Current assets			
Debtors	3	3,804	160,420
Cash at bank and in hand	4	282,409	4,286,081
		286,213	4,446,501
Creditors: amounts falling due within one year	5	(8,400)	(4,197,756)
Net current assets		277,813	248,745
Total assets less current liabilities		277,813	248,745
Net assets		277,813	248,745
Capital and reserves			
Called up share capital	96	103	103
Profit and loss account		277,710	248,642
Shareholders' funds		277,813	248,745

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.

The financial statements were approved by the board of directors on 29 June 2023 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 4th Floor, 25/26 Khiara House, Poland Street, London, England, W1F 8QN.

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.

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 £29,068 (2021: £8,063,751) during the year and had net assets of £277,813 at 30 September 2022 (2021: £248,745). The financial statements have been prepared on a going concern basis which assumes that the Company has adequate resources to continue in their activities for a period not less than 12 months from the approval of these financial statements due to the continued support from the Company's lenders.

The Company is a joint and several guarantor to other connected companies' on demand debt obligations (see note 10).

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. The financial statements are prepared on the going concern basis and do not include any adjustments that would be necessary if this basis were inappropriate.

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.

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.

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	2022 £	2021 £
Valuations at beginning of year	-	13,200,000
Disposals	-	(13,200,000)
	<hr/>	<hr/>
Valuations at end of year	-	-
	<hr/>	<hr/>

During the prior year, the Company sold its investment property in Chesterfield, United Kingdom.

Chesterfield (The Pavements) Subsidiary Limited

Notes (continued)

3 Debtors: amounts falling due within one year	2022 £	2021 £
Amounts owed by connected parties	-	50,061
Prepayments and accrued income	4,050	18,359
Corporation tax	(246)	92,000
	<u>3,804</u>	<u>160,420</u>

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

Amounts owed to the Company from Belfast Office Properties Limited of £46,093 were fully provided for in the prior year. This provision was released to the profit and loss account in the current year following repayments made by Belfast Office Properties Limited in the current year.

4 Cash and cash equivalents	2022 £	2021 £
Cash at bank and in hand	<u>282,409</u>	<u>4,286,081</u>

5 Creditors: amounts falling due within one year	2022 £	2021 £
Trade creditors	-	10,478
Other creditors including tax and social welfare	100	4,153,578
Accruals	8,300	8,500
Amounts owed to connected companies	-	25,200
	<u>8,400</u>	<u>4,197,756</u>

Tax and social welfare included in other creditors: VAT	<u>100</u>	<u>4,153,578</u>
	<u>100</u>	<u>4,153,578</u>

Amounts owed to connected companies are unsecured, interest-free and repayable on demand.

Chesterfield (The Pavements) Subsidiary Limited

Notes (continued)

6 Called up share capital	2022 £	2021 £
Authorised		
1,000 ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
Allotted, called up and partly paid		
100 "A" ordinary shares of £1 each	100	100
3 "B" ordinary shares of £1 each	3	3
	<hr/>	<hr/>
	103	103
	<hr/>	<hr/>

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

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 £Nil at 30 September 2022 (2021: £886k).

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 £106.2m at 30 September 2022 (2021: £108m).

8 Related party transactions

Chesterfield (The Pavements) Limited

During the prior year, the Company paid dividends of £16,287,224 to Chesterfield (The Pavements) Limited. At year end, Chesterfield (The Pavements) Limited owed the Company £Nil (2021: £Nil). Chesterfield (The Pavements) Limited is the parent company of Chesterfield (The Pavements) Subsidiary Limited.

Garvagh Property Management Ltd

During the year, the Company was charged management fees from Garvagh Property Management Ltd totalling £Nil (2021: £150,000). At the year end, the Company owed Garvagh Property Management Ltd £Nil (2021: £25,200).

Abey Developments Limited

During the year, the Company received amounts totalling £21,414 (2021: £Nil) from Abey Developments Limited. At year end, Abey Developments Limited owed the Company £Nil (2021: £21,414).

Chesterfield (The Pavements) Subsidiary Limited

Notes (continued)

8 Related party transactions (continued)

Belfast Office Properties Limited

During the year, the Company received amounts totalling £46,093 (2021: £46,093) from Belfast Office Properties Limited. At year end, Belfast Office Properties Limited owed the Company £Nil (2021: £46,093).

Forge Limited Partnership

During the year, the Company received amounts totalling £28,647 (2021: £Nil) from Forge Limited Partnership. During the year, the Company advanced amounts totalling £Nil (2021: £28,647) to Forge Limited Partnership. At year end, Forge Limited Partnership owed the Company £Nil (2021: £28,647).

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. The registered office address is 8A Garvagh Road, Donaghmore, Dungannon, Tyrone, BT70 3LS. Formcrest Construction Limited is controlled by Mr Pdraig Drayne and Mr Patrick McKillen.

10 Post balance sheet events

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

11 Approval of financial statements

The financial statements were approved by the board of directors on 29 June 2023.

12 Audit report

On 30 June 2023, 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 2022 and the report was unqualified and contains an other matter in respect of a material uncertainty related to going concern.

We draw attention to note 1 in the financial statements which indicates that the company is a joint and several guarantor to other connected parties' debt obligations. 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 Séamus Abraham (Senior Statutory Auditor) for and on behalf of KPMG, Chartered Accountants, Statutory Audit Firm.