

Registered number: 05360623

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South Downs Real Estate Limited

Financial statements

Information for filing with the registrar

For the Year Ended 31 December 2018



South Downs Real Estate Limited
Registered number: 05360623

Balance Sheet
As at 31 December 2018


	Note	2018 £	2017 £
Fixed assets			
Tangible assets	6	70,100,137	43,167,751
Investment property	7	-	15,268,092
		<u>70,100,137</u>	<u>58,435,843</u>
Current assets			
Debtors: amounts falling due within one year	8	10,747,220	2,921,258
Cash at bank and in hand		1,510,558	1,158,173
		<u>12,257,778</u>	<u>4,079,431</u>
Creditors: amounts falling due within one year	9	(70,368,536)	(50,425,918)
Net current liabilities		<u>(58,110,758)</u>	<u>(46,346,487)</u>
Total assets less current liabilities		<u>11,989,379</u>	<u>12,089,356</u>
Net assets		<u><u>11,989,379</u></u>	<u><u>12,089,356</u></u>
Capital and reserves			
Called up share capital		22,593,776	22,593,776
Profit and loss account		(10,604,397)	(10,504,420)
		<u>11,989,379</u>	<u>12,089,356</u>

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:



E N Heerema
 Director

Date: 28.8.2019

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

South Downs Real Estate Limited

Notes to the Financial Statements For the Year Ended 31 December 2018

1. General information

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

The address of its registered office is:

Nyetimber Vineyard
Gay Street
West Chiltington
West Sussex
RH20 2HH

The principal place of business is:

Broughton House
6-8 Sackville Street
London
W1S 3DG

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 following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d).

This information is included in the consolidated financial statements of Nyetimber Wines Limited as at 31 December 2018 and these financial statements may be obtained from Portman House, Hue Street, St Helier, Jersey, JE4 5RP.

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

**Notes to the Financial Statements
For the Year Ended 31 December 2018**

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

2.6 Interest income

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

2.7 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.

2.8 Intangible assets

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

Negative goodwill arising on an acquisition is recognised on the face of the balance sheet on the acquisition date and subsequently the excess up to the fair value of non-monetary assets acquired is recognised in profit or loss in the periods in which the non-monetary assets are recovered.

**Notes to the Financial Statements
For the Year Ended 31 December 2018**

2. Accounting policies (continued)

2.9 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:

Buildings	- 10-50 years or over the term of the lease
Plant and machinery	- 2 - 20 years
Motor vehicles	- 4-5 years
Vines	- 20-30 years

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:

The Company owns biological assets in the form of grape vines which are cultivated on land owned by the company.

Vines and associated cost of cultivation are capitalised at cost until the vines begin producing fruit. Once the vines start to produce they take a further 3 years to reach full maturity. The production levels achieved are therefore significantly lower and accordingly the continued costs of cultivation are split between work in progress and fixed assets in proportion to actual yield levels achieved for mature vines. Once fully mature the cost of vines is written off evenly over the estimated productive life, which is expected to be 30 years.

2.10 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.11 Investment property

Investment property is carried at fair value determined annually by external valuers 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.

**Notes to the Financial Statements
For the Year Ended 31 December 2018**

2. Accounting policies (continued)

2.12 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.

2.13 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.

2.14 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.

2.15 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

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

Judgements

That producing vines will continue to provide economic benefits to the company and have incurred no impairment loss.

Key sources of estimation uncertainty

That vines take 3 years growth to reach maturity and produce. Depreciation starts once the vines reach maturity. The carrying amount of the immature vines is £3,686,374 (2017 - £2,410,161).

That vines once mature will produce commercially viable grapes for 20-30 years. The carrying amount of the mature vines is £4,516,068 (2017 - £4,711,007).

4. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets	2,396,977	1,225,184
Impairment of tangible fixed assets	710,887	-
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	10,500	10,000

South Downs Real Estate Limited

Notes to the Financial Statements For the Year Ended 31 December 2018

5. Intangible assets

	Goodwill £
Cost	
At 1 January 2018	442,000
At 31 December 2018	442,000
Amortisation	
At 1 January 2018	442,000
At 31 December 2018	442,000
Net book value	
At 31 December 2018	-
At 31 December 2017	-

Notes to the Financial Statements
For the Year Ended 31 December 2018

6. Tangible fixed assets

	Land and buildings £	Plant and machinery £	Motor vehicles £	Vines £	Total £
Cost or valuation					
At 1 January 2018	30,198,291	11,357,897	718,822	7,661,975	49,936,985
Additions	12,691,115	587,153	147,450	1,547,338	14,973,056
Disposals	(197,020)	(51,318)	-	(19,882)	(268,220)
Transfers between classes	15,165,885	1,132,029	-	(188,900)	16,109,014
At 31 December 2018	<u>57,858,271</u>	<u>13,025,761</u>	<u>866,272</u>	<u>9,000,531</u>	<u>80,750,835</u>
Depreciation					
At 1 January 2018	1,027,095	4,558,596	642,736	540,807	6,769,234
Charge for the year on owned assets	1,337,160	762,145	40,389	257,283	2,396,977
Disposals	(21,778)	(45,541)	-	-	(67,319)
Transfers between classes	840,919	-	-	-	840,919
Impairment charge	710,887	-	-	-	710,887
At 31 December 2018	<u>3,894,283</u>	<u>5,275,200</u>	<u>683,125</u>	<u>798,090</u>	<u>10,650,698</u>
Net book value					
At 31 December 2018	<u>53,963,988</u>	<u>7,750,561</u>	<u>183,147</u>	<u>8,202,441</u>	<u>70,100,137</u>
At 31 December 2017	<u>29,171,196</u>	<u>6,799,301</u>	<u>76,086</u>	<u>7,121,168</u>	<u>43,167,751</u>

As a result of the FRS 102 Triennial Review, land and buildings, owned by the company for use by other members of the group, no longer need to be classified as investment property held at market value. During the period, land and buildings classed as investment property in the prior year, have been reclassified as tangible fixed assets at their historic cost less depreciation. The historic cost of these assets totalled £16,109,014, and the accumulated depreciation totalled £840,919 (resulting in a net transfer from investment property of £15,268,095).

Further reclassification between tangible fixed asset categories has also occurred during the period. £1,132,029 of plant and machinery, has been reclassified from land and buildings (£943,126) and from vines (£188,900).

The net book value of land and buildings may be further analysed as follows:

	2018 £	2017 £
Freehold	53,963,988	29,171,195
	<u>53,963,988</u>	<u>29,171,195</u>

South Downs Real Estate Limited

Notes to the Financial Statements For the Year Ended 31 December 2018

7. Investment property

	Freehold investment property £
At 1 January 2018	15,268,092
Transfers between classes	(15,268,092)
At 31 December 2018	-

8. Debtors

	2018 £	2017 £
Amounts owed by group undertakings	10,294,459	1,982,925
Other debtors	365,800	198,545
Prepayments and accrued income	86,961	739,788
	10,747,220	2,921,258

9. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	117,703	79,838
Amounts owed to group undertakings	70,226,250	50,110,579
Corporation tax	180	180
Other creditors	-	216,921
Accruals and deferred income	24,403	18,400
	70,368,536	50,425,918

10. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
22,593,776 (2017 - 22,593,776) Ordinary shares of £1.00 each	22,593,776	22,593,776

South Downs Real Estate Limited

Notes to the Financial Statements For the Year Ended 31 December 2018

11. Related party transactions

Transactions with company director

During the year, the company paid expenses for the director amounting to £10,800 (2017: £Nil). At the year end the amount due from the director was £6,000 (2017: £7,161). This advance is at 0% interest with no repayment conditions.

Summary of transactions with Parent company

The company has taken advantage of the exemption in FRS102 paragraph 33.1A from disclosing transactions with the parent and other members of the group.

12. Controlling party

The company's immediate parent is Nyetimber Wines Limited, incorporated in Jersey.

The ultimate controlling party is E N Heerema.

The parent of the smallest group in which financial statements are consolidated is Nyetimber Wines Limited, incorporated in Jersey.

The address of Nyetimber Wines Limited is:
Portman House, Hue Street, St Helier, Jersey, JE4 5RP.

13. Auditors' information

The auditors' report on the financial statements for the year ended 31 December 2018 was unqualified.

The audit report was signed on ^{6/9/19} by Simon Webber BSc (Hons), DChA, FCA (Senior Statutory Auditor) on behalf of Kreston Reeves LLP.