

**Company Registration No. 03911980**

**Elmsdale Estates Limited**

**Annual Report and Consolidated  
Financial Statements**

**For the year ended 31 December 2017**

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# **Elmsdale Estates Limited**

## **Annual Report and Consolidated Financial Statements For the year ended 31 December 2017**

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# **Elmsdale Estates Limited**

## **Annual Report and Consolidated Financial Statements For the year ended 31 December 2017**

### **Officers and Professional Advisers**

#### **Directors**

B Elwood

M Elwood

D Fixter

#### **Company Secretary**

E Ross

#### **Registered Office**

Devonshire Green House

14 Fitzwilliam Street

Sheffield

S1 4JL

#### **Independent Auditors**

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Central Square

29 Wellington Street

Leeds

LS1 4DL

# Elmsdale Estates Limited

## Consolidated Balance Sheet As at 31 December 2017

	Note	2017 £000	2016 £000
<b>Fixed assets</b>			
Tangible assets	5	108,466	95,007
		<u>108,466</u>	<u>95,007</u>
<b>Current assets</b>			
Debtors	6	1,430	1,361
Cash at bank and in hand		382	678
		<u>1,812</u>	<u>2,039</u>
<b>Creditors: amounts falling due within one year</b>	7	(19,741)	(13,521)
<b>Net current liabilities</b>		<u>(17,929)</u>	<u>(11,482)</u>
<b>Total assets less current liabilities</b>		<u>90,537</u>	<u>83,525</u>
<b>Creditors: amounts falling due after more than one year</b>	8	(51,320)	(51,354)
<b>Provisions for liabilities</b>	9	(3,613)	(3,347)
<b>Net assets</b>		<u>35,604</u>	<u>28,824</u>
<b>Capital and reserves</b>			
Called up share capital	10	-	-
Revaluation reserve		29,190	25,174
Profit for the current year		6,780	5,488
Profit and loss account		(366)	(1,838)
<b>Total equity</b>		<u>35,604</u>	<u>28,824</u>

The accompanying notes on pages 4 to 12 are an integral part of this balance sheet.

These accounts have been prepared in accordance with provision applicable to companies subject to the small companies' regime.

These financial statements have been delivered in accordance with the provisions made available under section 444 of the Companies Act, applicable to companies subject to the small companies' regime, with exemptions from filing Directors Report and profit and loss account taken.

These financial statements of Elmsdale Estates Limited, company number 03911980, in accordance with section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006. The statements were approved by the Board of Directors and authorised for issue on *26<sup>th</sup> September 2018.*

Signed on behalf of the Board of Directors

*D Fixter*  
Director

# Elmsdale Estates Limited

## Company Balance Sheet

	Note	2017 £000	2016 £000
<b>Fixed assets</b>			
Tangible assets	5	26,165	15,677
Investments	12	-	-
		<u>26,165</u>	<u>15,677</u>
<b>Current assets</b>			
Debtors	6	21,485	21,248
Cash at bank and in hand		152	403
		<u>21,637</u>	<u>21,651</u>
<b>Creditors: amounts falling due within one year</b>	7	<u>(32,315)</u>	<u>(23,355)</u>
<b>Net current liabilities</b>		<u>(10,678)</u>	<u>(1,704)</u>
<b>Total assets less current liabilities</b>		<u>15,487</u>	<u>13,973</u>
<b>Creditors: amounts falling due after more than one year</b>	8	(25,020)	(24,654)
<b>Provisions for liabilities</b>	9	<u>(346)</u>	<u>(205)</u>
<b>Net liabilities</b>		<u>(9,879)</u>	<u>(10,886)</u>
<b>Capital and reserves</b>			
Called up share capital	10	-	-
Revaluation reserve		3,318	1,351
Profit for the current year		1,007	(1,585)
Profit and loss account		<u>(14,204)</u>	<u>(10,652)</u>
<b>Total deficit</b>		<u>(9,879)</u>	<u>(10,886)</u>

The accompanying notes on pages 4 to 12 are an integral part of this balance sheet.

  
D Fixter  
Director

# **Elmsdale Estates Limited**

## **Notes to the Financial Statements For the year ended 31 December 2017**

### **1. Significant accounting policies**

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

#### **a. General information and basis of accounting**

Elmsdale Estates Limited is a company incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on page 1.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006

The functional currency of Elmsdale Estates Limited is considered to be pounds sterling because that is the currency of the only economic environment in which the Group and the Company operate. The consolidated financial statements are also presented in pounds sterling.

#### **b. Basis of consolidation**

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 December each year. The results of subsidiaries acquired or sold are consolidated for the periods from, or to the date on, which control passed.

Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

#### **c. Going concern**

The Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Whilst in a net liabilities position, the Group and Company has received confirmation from a Director and Related Party Company that the amounts owed, which are held as current liabilities, will not become repayable within 12 months of signing the financial statements unless the Company has sufficient funding to make repayment. Thus, the Company continues to adopt the going concern basis of accounting in preparing the annual financial statements.

#### **d. Tangible assets**

Tangible fixed assets are stated at cost or valuation, net of accumulated depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than investment properties, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life, as follows:

Freehold property	2% straight line
Fixtures and fittings	25% - 50% Straight line reducing balance

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

#### **e. Investment properties and revaluation reserve**

Investment properties are those properties which are not occupied by the Group and which are held for long-term rental yields, capital appreciation or both. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment properties are initially measured at cost, including related transaction costs.

Investment properties for which fair value can be measured reliably without undue cost or effort on an ongoing basis are measured at fair value annually, with any change recognised in the profit and loss account. Unrealised gains or deficits are transferred to the revaluation reserve net of associated deferred tax. This reserve is undistributable.

When the Group employs professional valuers the valuations are subject to a comprehensive review to ensure they are based on accurate and up-to-date tenancy information. Discussions are held with the valuers to test the valuation assumptions applied and comparable evidence utilised to ensure they are appropriate in the circumstances.

Subsequent expenditure is capitalised to the asset's carrying value only where it is probable that the future economic benefits associated with the expenditure will flow to the Group. All other expenditure is expensed to the profit and loss account.

# **Elmsdale Estates Limited**

## **Notes to the Financial Statements For the year ended 31 December 2017**

### **1. Significant accounting policies (continued)**

#### **e. Investment properties and revaluation reserve (continued)**

When investment properties are identified for disposal within the next twelve months, are available for sale and a sale is considered probable then the asset is shown at estimated realisable value.

#### **f. Financial instruments**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

#### **g. Impairment of assets**

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

##### *Non-financial assets*

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

##### *Financial assets*

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

#### **h. Taxation**

Current tax, including UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax.

# **Elmsdale Estates Limited**

## **Notes to the Financial Statements For the year ended 31 December 2017**

### **1. Significant accounting policies (continued)**

#### ***h. Taxation (continued)***

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

#### ***i. Turnover and other operating income***

Turnover is stated net of VAT, and represents amounts receivable from sales of developed or refurbished stock properties, from rental income and related property income. Other property income includes management fees and sundry receipts from tenants. All turnover originated in the United Kingdom.

#### ***j. Employee benefits***

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

#### ***k. Leases***

##### **The Group as lessee**

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term. The Group has no finance leases.

##### **The Group as lessor**

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

# Elmsdale Estates Limited

## Notes to the Financial Statements For the year ended 31 December 2017

### 2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's 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.

#### Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

#### Valuation of investment property

The Group and Company makes an annual estimate of the open market value of investment properties. Management takes into account advice from third parties, including valuations performed externally for loan security purposes and by using all knowledge and information available, including market yields, tenant covenant strength, the availability of suitable purchasers and the nature of the asset held.

#### Deferred taxation

The Group and Company has unutilised tax losses. Recognition of these tax losses as a deferred tax asset only occurs when the Group has a reasonable certainty of achieving a taxable profit for the following financial year, based on post balance sheet events such as development profits generated or unconditional contracted and realised investment gains.

#### Impairment of debtors

The Group and Company makes an estimate of the recoverable value of trade and other debtors (including amounts due from group undertakings in the case of the Company). When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the aging profile of the debtor and historic experience.

### 3. Information regarding employees

	2017 No.	2016 No.
Average monthly number of persons employed (excluding directors)	26	21

### 4. Dividends

	2017 £	2016 £
Equity dividends of £nil per ordinary share (2016: £nil)	-	-

# Elmsdale Estates Limited

## Notes to the Financial Statements For the year ended 31 December 2017

### 5. Tangible assets

Group	Investment properties £000	Freehold Property £000	Fixtures and Fittings £000	Total £000
<b>Cost or valuation</b>				
At 1 January 2017	94,798	233	856	95,887
Additions	9,215	-	6	9,221
Unrealised gain on revaluation	4,282	-	-	4,282
<b>At 31 December 2017</b>	<b>108,295</b>	<b>233</b>	<b>862</b>	<b>109,390</b>
<b>Accumulated depreciation</b>				
At 1 January 2017	-	61	819	880
Charge for the year	-	5	39	44
<b>At 31 December 2017</b>	<b>-</b>	<b>66</b>	<b>858</b>	<b>924</b>
<b>Net book value</b>				
<b>At 31 December 2017</b>	<b>108,295</b>	<b>167</b>	<b>4</b>	<b>108,466</b>
At 31 December 2016	94,798	172	37	95,007

The investment properties at 31 December 2017 have been revalued by a suitably qualified director of the Company, who is a member of the Royal Institution of Chartered Surveyors. The valuations were in accordance with the requirements of RICS Valuation Standards, sixth edition, and FRS102. All properties have been subject to external valuation in the last three years.

The valuation of each property was on the basis of Market Value subject to the existing leases. The valuers' opinion of Market Value was primarily derived using comparable recent market transactions on an arm's length basis.

If investment properties had not been revalued, they would have been included at the following amounts:

	2017 £000	2016 £000
Cost	75,128	66,460

# Elmsdale Estates Limited

## Notes to the Financial Statements For the year ended 31 December 2017

### 5. Tangible assets (continued)

Company	Investment properties £000	Fixtures and fittings £000	Total £000
<b>Cost or valuation</b>			
At 1 January 2017	15,677	39	15,716
Additions	8,930	-	8,930
Transfer to group undertaking	(550)	-	(550)
Unrealised gain on revaluation	2,108	-	2,108
<b>At 31 December 2017</b>	<b>26,165</b>	<b>39</b>	<b>26,204</b>
<b>Accumulated depreciation</b>			
At 1 January 2017	-	39	39
Charge for the year	-	-	-
<b>At 31 December 2017</b>	<b>-</b>	<b>39</b>	<b>39</b>
<b>Net book value</b>			
At 1 January 2017	26,165	-	26,165
<b>At 31 December 2017</b>	<b>15,677</b>	<b>-</b>	<b>15,677</b>

### 6 Debtors

	Group		Company	
	2017 £000	2016 £000	2017 £000	2016 £000
<b>Amounts falling due within one year:</b>				
Trade debtors	508	342	132	44
Amount due from group undertakings	-	-	20,671	20,530
Other debtors	842	921	680	651
Prepayments and accrued income	80	98	2	23
	<b>1,430</b>	<b>1,361</b>	<b>21,485</b>	<b>21,248</b>
<b>Amounts falling due after more than one year:</b>				
Amounts due from group undertakings	-	-	-	-
	<b>1,430</b>	<b>1,361</b>	<b>21,485</b>	<b>21,248</b>

Amounts owed by group undertakings are unsecured, interest free and have no fixed date for repayment and are repayable on demand.

## Elmsdale Estates Limited

### Notes to the Financial Statements For the year ended 31 December 2017

#### 7. Creditors: Amounts falling due within one year

	Group		Company	
	2017	2016	2017	2016
	£000	£000	£000	£000
Bank loans and overdrafts	900	800	500	500
Financial instruments	336	531	336	531
Trade creditors	2,266	1,465	1,808	912
Amounts owed to group undertakings		-	21,414	18,281
Corporation tax	143	185	-	5
Other taxation and social security	49	48	-	-
Other creditors	14,259	8,985	7,849	2,730
Accruals and deferred income	1,788	1,507	408	396
	<u>19,741</u>	<u>13,521</u>	<u>32,315</u>	<u>23,355</u>

Financial instruments consist of an interest rate swap which is carried at fair value based on quoted market prices.

On 4 August 2015, new banking facilities were signed and these new facilities expire on 4 August 2020. This attracts interest at 2.5% above LIBOR with quarterly repayments of £125,000 beginning 1 October 2015. These borrowings were secured by fixed charges over the tangible fixed assets of the group, with the exception of the assets of Devonshire Green (Broomgrove Road) Limited.

On 7 November 2016, new facilities were agreed that expire on 31 October 2021. The bank loan attracts interest at 2.55% above LIBOR with quarterly repayments of £75k in year one, rising to £100k in year two. These borrowings are secured by way of fixed charge over the investment property of Devonshire Green (Broomgrove Road) Limited and its subsidiaries.

#### 8. Creditors: amounts falling due after more than one year

	Group		Company	
	2017	2016	2017	2016
	£000	£000	£000	£000
Bank loans and overdrafts	51,320	51,354	25,020	24,654
	<u>51,320</u>	<u>51,354</u>	<u>25,020</u>	<u>24,654</u>
Maturity analysis: bank loans and overdrafts				
Due within one year	900	800	500	500
Between one and two years	900	900	500	500
Between two and five years	50,420	50,454	24,520	24,154
More than five years	-	-	-	-
	<u>52,220</u>	<u>52,154</u>	<u>25,520</u>	<u>25,154</u>

# Elmsdale Estates Limited

## Notes to the Financial Statements For the year ended 31 December 2017

### 9. Provisions for liabilities

Group	Deferred taxation £000
At 1 January 2017	3,347
Charged to profit and loss account in the year	266
At 31 December 2017	<u>3,613</u>
Company	Deferred taxation £000
At 1 January 2017	205
Charged to profit and loss account in the year	141
At 31 December 2017	<u>346</u>

### 10. Called up share capital

Group and Company	2017 £	2016 £
Authorised		
100 Ordinary Shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
100 Ordinary Shares of £1 each	<u>100</u>	<u>100</u>

### 11. Related party transactions

At year end amounts relating to short term loans were held as a debtor balance against related entities through common control of £316k (2016: £307k). These are held within other debtors. At year end amounts relating to short term loans were held as a creditor balance against related entities through common control of £9,644k (2016: £3,793k). These are held within other creditors. Interest was charge to the Group by the related entities of £247k (2016: £108k).

At year end, amounts relating to short term loans to the Group were held as a creditor balance against related entities controlled by one of the directors of £50k (2016: £50k). These are held within other creditors.

Aggregate directors' loans for £4,258k (2016: £4,848k) was held as a creditor at year end. This amount is unsecured, interest free and repayable on demand. These are held within other creditors.

Aggregate directors emoluments were £191k (2016: £183k). Included in this is an amount of £155k (2016: £146k) paid to a company in which one of the directors and his family own a 100% stewardship.

## **Elmsdale Estates Limited**

### **Notes to the Financial Statements For the year ended 31 December 2017**

#### **12. Subsidiary undertakings**

The following were subsidiary undertakings of the company, included within the consolidated accounts:

<b>Name</b>	<b>Country of incorporation</b>	<b>Class of Shares</b>	<b>Holding</b>	<b>Principal Activity</b>
Devonshire Green Holdings Limited	England and Wales	Ordinary	100%	Property Investment
Devonshire Green (Broomgrove Road) Limited	England and Wales	Ordinary	100%	Property Investment
Devonshire Green (City Living) Limited	England and Wales	Ordinary	100%	Property Investment
Devonshire Green (Commercial Properties) Limited	England and Wales	Ordinary	100%	Property Investment
Devonshire Green (Residential Investments) Limited	England and Wales	Ordinary	100%	Property Investment
Huttons Buildings Limited	England and Wales	Ordinary	100%	Property Investment
Porterbrook House Limited	England and Wales	Ordinary	100%	Property Investment
Gatecrasher Apartments Limited	England and Wales	Ordinary	100%	Property Investment

The aggregate value of share capital in these companies held by the parent company was £100

All subsidiary undertakings have their registered office at Devonshire Green House, 14 Fitzwilliam Street, Sheffield, S1 4JL. Each subsidiary is exempt from audit by virtue of s479A of the Companies Act 2006

#### **13. Ultimate controlling party**

The directors regard Brendan Elwood and his family as the ultimate controlling party by virtue of their 85% interest in the equity capital of Elmsdale Estates Limited at 31 December 2017.

#### **14. Audit Status**

An unqualified audit opinion was signed by Lee Wilkinson (Senior Statutory Auditor) for and on behalf of PricewaterhouseCoopers LLP.