

*Report Period 1st to 31st Dec 2018*

## **BDZ Investments Limited**

Report and Consolidated Financial Statements

Period Ended 31 December 2018

Company Number 10124613

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# **BDZ Investments Limited**

## **Report and financial statements for the period ended 31 December 2018**

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#### **Director**

B Rae

#### **Secretary and registered office**

A Maye

University House, Oxford Square, Newbury, RG14 1JQ

#### **Company number**

10124613

#### **Auditors**

BDO LLP, Floor 12, Thames Tower, Station Road, Reading, RG1 1LX

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# BDZ Investments Limited

## Strategic report for the period ended 31 December 2018

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The director presents his strategic report for the period ended 31 December 2018.

### Review of business

The consolidated profit and loss account is set out on page 11 and shows turnover for the period of £36,474,416 (2017: £42,285,566) and loss before taxation of £3,159,444 (2017: £35,143).

For the period under review, the activities of the subsidiary companies noted below have been included in the consolidated financial statements. On 30 December 2018 the group transferred its ownership of the following subsidiaries to the director, Mr B Rae:

ARC Property Group Limited  
Boomerang Creative Limited  
Hogan Music Limited  
New Commercial (Services) Limited  
Armoury Capital Limited  
FAB Music Limited  
Phoenix Sporting Goods Limited

The disposal of the assets and liabilities of these companies have been included within these financial statements, along with the profit on disposal. The companies were transferred to the director at their nominal value

**PX Partnership (UK) Limited** – The principal activity of the company is that of property part exchange. The turnover for the period was £31,766,020 (2017: £38,728,925) with a gross profit of £1,547,260 (2017: £2,397,357), the properties sold were on average held for 73 days (2017: 72 days).

Trading conditions remained challenging throughout this year as uncertainty over Brexit continued to affect buyer confidence and general property transaction levels. The impact was varied in different parts of the country, being more noticeable in London and the South East where values continued to fall, whereas the Midlands and further north saw more robust conditions and which helped to support prices and the number of transactions. To counter the changing conditions and the continued uncertain outlook the business reacted by adjusting its criteria in respect of certain property types, maximum values and lead-in times to limit exposure to further changes, and thereby reducing risk.

A reduction in outsourced business by some partners has effected unit transactions slightly this year, however this trend was forecasted and the business has reacted accordingly with an increased focus on expanding its partner base and developing existing business.

**PX Partnership Properties Limited** - A property holding company which has a number of well situated buildings in the Newbury area, most of the buildings are in prime locations for the usage of the buildings. Some of the properties have been utilised by previous subsidiary companies, but as those companies are sold outside of the group, the buildings are either sold or continued on a long term lease. The value of the buildings are increasing year on year and proving to be a good asset and generating the top level of income for the building.

**Opendoor Print Limited** – The principal activity of the company is that of the manufacture and distribution of packaging. The company has had another good year, the business strategy and market have had a large impact in the financial year. The business strategy is to concentrate on developing the distribution network within Europe, while not neglecting their customer base of existing customers. New products and new customers have been brought on during the financial year, these have been due to continuous development of the products and changing markets. The main market challenges last year was cheaper inferior quality products hitting the market and the increase in the awareness of non-biodegradable plastics in the marketplace. With the new development in full biodegradable products and a supply contract for sole distribution throughout Europe for all the products has resulted in another successful turnover year. Going forward there is an agreement in place for a buy-out of the main shares of the company by the supplier which should complete in 2020.

## **BDZ Investments Limited**

**Strategic report**  
**for the period ended 31 December 2018 (continued)**

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**ARC Property Group Limited** - A company that specialises in relocation services through the use of Experian data. The primary focus of the last two years has been the development of raw data available to the market to be incorporated into the business. This allows the data to be available to further develop the different products we offer to the changing market place. As reported last year there has been various changes in requirement from estate agent data and corporate relocation from the previous years. Last year there has been a concentration in data for international relocations which has seen an increase in demand both into and out of the UK. The market is continuously changing as technology changes allowing the company to constantly develop the ideas which could not take place due to technology not been available to put the idea into reality. The company is constantly developing and producing area guides online which was previously a manual process to corporate clients, an individual area guide, but simplified, is been developed so people can pay via the web a one off fee and receive the data requested. This would be a lower income per case but the volume would be significantly higher and automated.

**Boomerang Creative Limited** – The principal activity of the company is that of providing communication and multimedia creative services. Boomerang has been for the last few years been developing their products and skill set do deliver the new concepts and Search Engine Optimisation ("SEO") products to market. The company in previous years has had a high percentage of income generated from group owned companies, but with their new development this percentage of total turnover has decreased from previous years. The Business continues to grow in all aspects of the market place, from Web Design, graphics and social media. Social media been the new medium that people wish to advertise moving away from the traditional leaflets and newspapers. Our new social media team are fresh with ideas and technology to provide solutions and innovated ways to market companies.

**Hogan Music Limited** - A music retail shop situated in the centre of Newbury which was incorporated in October 2012 and started trading in November 2012. Hogan's continued development and business strategy has led to an increase in turnover year on year as the business continues to grow. Hogan Music has been successful in obtaining re-sale contracts with suppliers such as Fender and Yamaha that further supports the company's success and further development. Going forward there is an agreement in place for the sale of Hogan Music to the management team, they have this year developed the teaching of music with the sale of music sheets and musical instruments all under one roof.

**New Commercial (Services) Limited** - was incorporated on 27th September 2013, With the change in general manager last year saw an immediate increase in profit and sales. The company continues to provide services to the commercial market, but breaking into the new markets of flat conversions, schools and residential extensions. The company continues to build its team and develop its skill sets in all trades that was previously reliant on external contractors.

### **Financial key performance indicators**

The business will continue to focus on its KPI's of gross margin achieved on property sales and stock holding days. Quicker turnaround times will help to maintain a lower cost base but also limit exposure when operating in an uncertain and changing environment. Gross margin for 2018 is 4.9% (2017: 6.2%) and holding days is 73 (2017: 72 days). In 2018 74% of stock was sold within 90 days (2017: 70%).

### **Principal risks and uncertainties**

As PX Partnership (UK) Limited provides the majority of group revenue, the principal risks and uncertainties for the group primarily relate to this group entity

# **BDZ Investments Limited**

## **Strategic report for the period ended 31 December 2018 (continued)**

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### **Brexit:**

Similar to the previous year, the outlook for the housing market and the wider economy will remain uncertain until 'Brexit' has taken place and its effects known, however with an increased possibility of a 'No Deal Brexit', the full impact is more uncertain than before. As always, market uncertainty can create greater opportunities for Part Exchange businesses as house builders and developers look to provide stability by securing regular sales or to de-risk their own in-house PX function. The business will continue to focus on turnaround times to maintain a lower cost base but also to limit its exposure when operating in an uncertain and changing environment.

### **Competition:**

The market in which we operate is becoming more competitive than in previous years, therefore to mitigate the risk of losing business to other companies we constantly reassess our offering in order to remain commercially competitive and also focus on customer service and building relationships with developers at an early stage when looking at land acquisition to help build a PX model early on in the process.

### **Cash flow:**

The business is reliant on a revolving credit facility to provide the necessary liquidity to enable properties to be acquired. Each property is visited prior to its acquisition to ensure that it is suitable for purchase and likely to be sold on quickly to prevent cash being tied up in stock for extended periods of time. The facility is renewed on an annual basis and regular communication is held with the bank to ensure covenants are being met.

### **COVID19**

Subsequent to the balance sheet date, the Covid-19 outbreak was escalated to a global pandemic. This has impacted a number of the trading companies. As PX Partnership (UK) Limited provides the majority of the group revenue, the summary below focuses on the impact on this group entity. Whilst the true impact of the pandemic on the economy is yet to be known, the government have stepped in to provide different forms of relief measures.

### **Impact and approach**

With the lockdown requirements imposed on 23 March 2020, the property market was essentially put on hold and it wasn't possible for viewings of properties to be undertaken. There were some transactions that were in progress which we were able to continue, but the ability to be able to view and acquire new properties was paused.

In light of the above, there was limited sales revenue being generated from the property part exchange business. The property rental side of the business continued as usual, with the properties being on long term rental agreements.

The director has taken a number of steps to mitigate the impact on the group's activities and future cash flows. Further, detailed cash flow forecasts covering the next twelve months have been prepared and stressed to ensure the cash requirements of the group can be managed and met.

While preparing the cash flow forecasts the Director has taken the opportunity to look at cost reductions and savings within all operations. PX Partnership (UK) Limited has also taken advantage of the Government's Furlough arrangements under the Coronavirus Job Retention scheme supporting employer payroll costs. Given the easing of lockdown, and increase in activity in the property market the staff are no longer on furlough. The Government initially predicted a downturn in the property market of 30%, but which has subsequently been reduced to 10%. This figure is proving to still be on the high side in the short term, with demand from developers high. Sales of part exchange properties are currently completing within 60-day average.

To further ease the Group's cash flow, the Group has also taken advantage of the VAT deferral to 31 March 2021.

The Group continues to monitor the COVID19 situation and the support that is available such as grants CBILS and Bounce Back Loans to help businesses through these times and uncertainty.

### **Going concern**

In preparing the financial statements, the director has considered the ability of the Group to continue as a going concern and have prepared cash flow forecasts to inform their decisions.

# BDZ Investments Limited

## Strategic report for the period ended 31 December 2018 (*continued*)

### Going concern (*continued*)

The impact of Covid-19 and any subsequent recession on the Group's business is uncertain. Whilst the Group has experienced property construction being paused, activity is now starting to pick back up and construction sites are back open.

The group has external debt that needs to be financed and also its ongoing day to day working capital requirements. In respect of the main activity of the Group, the Group continues to have a revolving credit facility available for the acquisition of properties which is reviewed annually. Further, the group has mortgage advances secured against investment properties owned. The mortgage facilities are on fixed rates and have between 7 and 8 years term left. One facility is on an interest only repayment, and the other is capital and interest. The repayments on the mortgage facilities along with interest have been included in the going concern analysis discussed below.

The key risks faced by the business are:

- A reduction in the Group's ability to secure new business due to existing and potential customers being in lockdown for an extended period, particularly in the property and construction sector.
- A reduction in the Group's liquidity due to customer default
- Revolving credit facility not being renewed
- Default on the mortgage loan repayments

In response to the uncertainty created by Covid-19 management have undertaken the following actions:

- Identified business initiatives that can be deferred without a significant impact to long term business operation;
- Analysed fixed costs with a focus on needs to support day to day operations of the business and taken the necessary steps to reduce costs where possible;

Using the above information management have prepared cash flow forecasts identifying all contractual cash commitments for the next twelve months and compared this to current and expected cash holdings. The results of this analysis indicate that the business can sustain a decline in activity for an extended period whilst continuing to meet its obligations as they fall due. Further, the Director can consider the future arrangements for the investment properties, realising significant positive cash flows if necessary. Finally, the group has access to the overdraft facility, with a term of 2 years, as yet undrawn.

For the reasons discussed above and based on stress tests performed, the Director believes that it remains appropriate to prepare the financial statements on the going concern basis.

### Approval

This Strategic Report was approved by the sole director on 24-08-20

  
B Rae  
Director

# **BDZ Investments Limited**

## **Director's Report for the period ended 31 December 2018**

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The director presents his report and the audited financial statements of the group for the period from 1 November 2017 to 31 December 2018. The comparatives present the year ended 31 October 2017.

### **Director**

The director of the company throughout the period was:

B Rae

### **Results and dividends**

The loss for the period, after taxation, amounted to £3,174,031 (2017: £356,838). Particulars of dividends paid are detailed in note 12 of the financial statements.

### **Financial risk management**

The Group's business is exposed to a variety of financial risks. The financial risks are mainly categorised as credit risk and liquidity risk. The objective of the Group's risk management framework is to identify and assess the risks facing the Group and to minimise the potential adverse effects of these risks on the Group's financial performance. Financial risk management is overseen by the Board of Directors.

#### **(a) Credit risk**

Credit risk is the risk of suffering financial loss should the Group's customers, clients or counterparties fail to fulfil their contractual obligations to the Group. Group policies are aimed at minimising such losses and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures. Details of the Groups debtors are detailed in the notes to the accounts.

#### **(b) Liquidity risk**

Liquidity risk is the risk that the Group will have insufficient liquid resources available to meet its financial obligations as they fall due. The Group manages liquidity by maintaining sufficient cash with banks to meet its on-going commitments, monitoring of cash levels and preparation of budgets. The Group also manages liquidity risk through the use of bank overdraft facilities and bank loans. The receivables from related companies are repayable upon demand.

The group is financed with appropriate long-term and short-term finance to match the need of the group.

### **Strategic report**

The Company has chosen, in accordance with Section 414 C(ii) of the Companies Act 2006, and as noted in this Director's report, to include certain matters in its Strategic report that would otherwise be required to be disclosed in this Director's report. The Strategic report can be found on pages 1 to 4 of the Annual Report and Financial Statements 2018.

### **Post balance sheet event**

Subsequent to the statement of financial position date, the Covid-19 outbreak has escalated to a global pandemic. The impact of this has been considered on the financial statements up to the date of signing. The impact on the going concern assessment has been considered in the Strategic report and in note 2. No further adjustments are deemed necessary in respect of this matter.

### **Auditors**

The Director as at the date of this report has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the auditors are aware of that information. The director is not aware of any relevant audit information of which the Company's auditor is unaware.

BDO LLP have expressed their willingness to continue in office and offer themselves for reappointment as auditors in accordance with Section 485 of the Companies Act 2006.

## **BDZ Investments Limited**

**Director's Report (continued)**  
**for the period ended 31 December 2018**

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### **Approval**

This Director's Report has been approved by the sole director on **24-08-20**

A handwritten signature in black ink, appearing to be 'B Rae', written in a cursive style.

**B Rae**  
**Director**



# **BDZ Investments Limited**

## **Statement of director's responsibilities for the period ended 31 December 2018**

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### **Director's responsibilities**

The director is responsible for preparing the strategic report, director's report and the financial statements in accordance with applicable law and regulations.

*Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the director must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that year.*

In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **BDZ Investments Limited**

## **Independent auditor's report**

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### **Opinion**

We have audited the financial statements of BDZ Investments Limited ("the Company") and its subsidiaries ("the Group") for the year ended 31 December 2018 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice)

In our opinion, the financial statements:

- *give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2018 and of the Group's loss for the year then ended;*
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Other matter – Unaudited comparatives**

The prior year financial statements of the Company are not audited. As a consequence, all comparative amounts for the year ended 31 October 2017 presented in these financial statements are described as unaudited.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

# **BDZ Investments Limited**

## **Independent auditor's report (*continued*)**

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### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Director's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of Directors**

As explained more fully in the Statement of Directors Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

## **BDZ Investments Limited**

### **Independent auditor's report (*continued*)**

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#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### **Use of our report**

*This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.*



Simon Fowles (Senior Statutory Auditor)  
For and on behalf of BDO LLP, statutory auditor  
Reading

Date 9 September 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

## BDZ Investments Limited

### Consolidated Statement of Comprehensive Income for the period ended 31 December 2018

	Note	Period ended 31 December 2018 £	Unaudited Year ended 31 October 2017 £
<b>Turnover</b>	4	36,474,416	42,285,566
Cost of sales		(34,729,036)	(39,316,236)
<b>Gross profit</b>		<u>1,745,380</u>	<u>2,969,330</u>
Administrative expenses		(4,626,979)	(3,230,625)
Fair value movements gain/(loss)		(767,048)	(20,411)
Other operating income	5	5,124	472,698
<b>Group operating (loss) / profit</b>	6	<u>(3,643,523)</u>	<u>190,992</u>
Interest receivable and similar income		-	23
Interest payable and expense	9	(117,551)	(226,158)
Profit on disposal of investments		<u>601,630</u>	<u>-</u>
<b>Loss on ordinary activities before taxation</b>		<u>(3,159,444)</u>	<u>(35,143)</u>
Taxation on loss	10	(14,587)	(321,695)
<b>Loss for the financial period / year</b>		<u>(3,174,031)</u>	<u>(356,838)</u>
Loss for the period / year attributable to:			
Owners of the parent Company		(3,312,692)	(286,977)
Non-controlling interests		<u>138,661</u>	<u>(69,861)</u>
		<u><u>(3,174,031)</u></u>	<u><u>(356,838)</u></u>

The notes on pages 17 to 39 form part of these financial statements.

# BDZ Investments Limited

## Consolidated Statement of Financial Position at 31 December 2018

<i>Company number 10124613</i>	Note	31 December 2018	31 December 2018	Unaudited 31 October 2017	Unaudited 31 October 2017
<b>Fixed assets</b>					
Intangible assets	13		74,655		113,858
Investment property	14		2,435,000		1,395,000
Tangible assets	15		<u>726,007</u>		<u>3,603,787</u>
			3,235,662		5,112,645
<b>Current assets</b>					
Stocks	17	5,024,394		5,363,224	
Debtors	18	7,542,724		8,303,998	
Cash at bank and in hand		26,121		1,685,780	
			<u>12,593,239</u>		<u>15,353,002</u>
<b>Creditors: amounts falling due within one year</b>	19	(5,641,743)		(8,550,506)	
<b>Net current assets</b>			<u>6,951,496</u>		<u>6,802,496</u>
<b>Total assets less current liabilities</b>			<u>10,187,158</u>		<u>11,915,141</u>
<b>Creditors: amounts falling due after more than one year</b>	20		(1,832,994)		(435,411)
			<u>8,354,164</u>		<u>11,479,730</u>
<b>Provisions for liabilities</b>					
Deferred tax	26		(180,337)		(131,193)
<b>Net assets</b>			<u>8,173,827</u>		<u>11,348,537</u>
<b>Capital and reserves</b>					
Called up equity share capital	23		100		100
Profit and loss account			8,155,401		11,468,772
Non-controlling interests			18,326		(120,335)
<b>Shareholder's funds</b>			<u>8,173,827</u>		<u>11,348,537</u>

The financial statements were approved by the sole director and authorised for issue on **24-08-20**

  
Bob Rae  
Director

The notes on pages 17 to 39 form part of these financial statements.

# BDZ Investments Limited

Consolidated statement of changes in equity  
For the period ended 31 December 2018

	Called up share capital £	Profit and loss account £	Equitable to owners of the parent company £	Non- controlling interest £	Total equity £
<b>At 1 November 2016 (unaudited)</b>	<b>2</b>	<b>11,755,749</b>	<b>11,755,751</b>	<b>(50,474)</b>	<b>11,705,277</b>
Loss for the year	-	(286,977)	(286,977)	(69,861)	(356,838)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>(286,977)</b>	<b>(286,977)</b>	<b>(69,861)</b>	<b>(356,838)</b>
Issue of share capital	98	-	98	-	98
<b>At 1 November 2017 (Unaudited)</b>	<b>100</b>	<b>11,468,772</b>	<b>11,468,872</b>	<b>(120,335)</b>	<b>11,348,537</b>
Loss for the period	-	(3,312,692)	(3,312,692)	138,661	(3,174,031)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>(3,312,692)</b>	<b>(3,312,692)</b>	<b>138,661</b>	<b>(3,174,031)</b>
Dividends paid	-	(679)	(679)	-	(679)
<b>At 31 December 2018</b>	<b>100</b>	<b>8,155,401</b>	<b>8,155,401</b>	<b>18,326</b>	<b>8,173,827</b>

The notes on pages 17 to 39 form part of these financial statements.

## BDZ Investments Limited

### Consolidated statement of cash flows for the period ended 31 December 2018

	2018 £'000	Unaudited 2017 £'000
<b>Cash flows from operating activities</b>		
<b>Loss for the financial period / year</b>	<b>(3,174,031)</b>	<b>(356,838)</b>
Adjustments for:		
Amortisation of intangible assets	46,630	14,495
Depreciation of tangible assets	304,907	374,289
Revaluation of investment property	767,048	20,411
Revaluation of tangible fixed assets	85,717	-
Profit on disposal of tangible assets	(184,150)	(91,020)
(Loss) / profit on disposal of intangible assets	54,603	(29,879)
Profit on disposal of subsidiaries	(601,630)	-
Interest paid	117,551	226,158
Interest received	-	(23)
Taxation charge	14,587	321,695
(Increase)/decrease in stocks	(412,200)	2,926,537
Increase in trade and other debtors	(4,884,168)	(1,367,233)
Increase/(decrease) in trade and other creditors	6,053,508	(16,522)
Corporation tax (paid) / received	(707,136)	335,760
<b>Net cash (used in) / generated from operating activities</b>	<b>(2,518,764)</b>	<b>2,357,830</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(1,251,676)	(1,694,666)
Purchase of investment properties	(423,394)	(1,095,411)
Purchase of intangible assets	(153,334)	(74,916)
Proceeds from sale of tangible fixed assets	621,224	119,672
Disposal of subsidiaries, net of cash disposed	(81,369)	-
Sale of fixed asset investment properties	-	7,509,000
Interest received	-	23
<b>Net cash (used in) / generated from investing activities</b>	<b>(1,288,549)</b>	<b>4,763,702</b>
<b>Cash flows from financing activities</b>		
Repayment of bank loans	(524,425)	(2,524,727)
New bank loans and mortgages	1,839,598	-
Repayment of director's loan accounts	-	(1,870,607)
New director loan accounts	150,064	-
Capital element of hire purchase	(20,992)	(149,266)
Issue of share capital	-	98
Interest paid	(117,551)	(226,158)
<b>Net cash generated from / (used in) financing activities</b>	<b>1,326,694</b>	<b>(4,770,650)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(2,480,619)</b>	<b>2,350,872</b>
Cash and cash equivalents at beginning of period / year	(1,835,595)	(4,186,467)
<b>Cash and cash equivalents at end of period / year</b>	<b>(4,316,214)</b>	<b>(1,835,595)</b>
<b>Cash and cash equivalents comprise:</b>		
Cash at bank and in hand	26,121	1,685,780
Bank overdrafts	(4,342,335)	(3,521,375)
	<b>(4,316,214)</b>	<b>(1,835,595)</b>

The notes on page 17 to 39 form part of these financial statements.



# BDZ Investments Limited

## Company statement of financial position at 31 December 2018

<i>Company number 10124613</i>	<i>Note</i>	<i>2018</i>	<i>2018</i>	<i>Unaudited 2017</i>	<i>Unaudited 2017</i>
<b>Fixed assets</b>					
Intangible assets	13		45,000		-
Investments	16		4,102		12,781
			49,102		12,781
<b>Current assets</b>					
Debtors	18	3,245,100		100	
			3,245,100		100
<b>Creditors: amounts falling due within one year</b>	19	(5,056,781)		(12,781)	
			(1,811,681)		(12,681)
<b>Net current liabilities</b>					
			(1,762,579)		100
<b>Net (liabilities) / assets</b>					
			(1,762,579)		100
<b>Capital and reserves</b>					
Called up equity share capital	23		100		100
Profit and loss account			(1,762,679)		-
			(1,762,579)		100
<b>Shareholder's funds</b>					
			(1,762,579)		100

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The loss of the company for the period / year was £1,762,000 (2017: £nil).

The financial statements were approved by the sole director and authorised for issue on **24-08-20**



Bob Rae  
Director

The notes on pages 17 to 39 form part of these financial statements.

## BDZ Investments Limited

### Company statement of changes in equity For the period ended 31 December 2018

	Called up share capital £	Profit and loss account £	Total equity £
At 1 November 2016 (unaudited)	2	-	2
Loss for the year	-	-	-
Issue of share capital	98	-	98
At 1 November 2017 (unaudited)	100	-	100
Loss for the period	-	(1,762,000)	(1,762,000)
Dividends paid	-	(679)	(679)
At 31 December 2018	100	(1,762,679)	(1,762,579)

The notes on pages 17 to 39 form part of these financial statements.

# **BDZ Investments Limited**

## **Notes forming part of the financial statements for the period ended 31 December 2018**

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### **1 General information**

BDZ Investments Limited is a company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the group's operations and its principal activities are set out in the strategic report. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The financial statements are presented in Sterling (£), to the nearest £1.

The current period covers the period from 1 November 2017 to 31 December 2018, a 14 month period. The comparative period covers 1 November 2016 to 31 October 2017.

### **2 Accounting policies**

#### **Basis of consolidation**

The consolidated financial statements present the results of BDZ Investments Limited and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

The following subsidiaries are exempt from the requirements of the UK Companies Act 2006 relating to the audit of individual accounts by virtue of s479A of the Act.

BDZ Holdings Limited  
Boomerang Creative Limited  
FAB Music Limited  
Arigato Dining Limited  
New Commercial Services Limited  
Phoenix Sporting Goods Limited  
ARC Property Group Limited  
Hogan Music Limited  
Armoury Capital Limited  
Opendoor Print Limited  
Linear Guidance Illumination Limited

#### **Going Concern**

In preparing the financial statements, the director has considered the ability of the company and group to continue as a going concern and have prepared cash flow forecasts to inform their decisions.

At the date of approval of these financial statements, the world is in the midst of the Covid-19 global pandemic with some countries only now starting to release lockdown measures introduced to contain the spread of the virus. The extent of the impact on the global economy is uncertain but there is an expectation of recessions in economies across the globe.

## **BDZ Investments Limited**

**Notes forming part of the financial statements  
for the period ended 31 December 2018**

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### **2 Accounting policies (continued)**

#### **Going Concern (continued)**

The impact of Covid-19 and any subsequent recession on the Group's business is uncertain. Whilst the Group has experienced property construction being paused, activity is now starting to pick back up and construction sites are back open.

The group has external debt that needs to be financed and also its ongoing day to day working capital requirements. In respect of the main activity of the Group, the Group continues to have a revolving credit facility available for the acquisition of properties which is reviewed annually. Further, the group has mortgage advances secured against investment properties owned. The mortgage facilities are on fixed rates and have between 7 and 8 years term left. One facility is on an interest only repayment, and the other is capital and interest. The repayments on the mortgage facilities along with interest have been included in the going concern analysis discussed below.

The key risks faced by the business are:

- A reduction in the Group's ability to secure new business due to existing and potential customers being in lockdown for an extended period, particularly in the property and construction sector
- A reduction in the Group's liquidity due to customer default
- Revolving credit facility not being renewed
- Default on the mortgage loan repayments

In response to the uncertainty created by Covid-19 management have undertaken the following actions:

- Identified business initiatives that can be deferred without a significant impact to long term business operation
- Analysed fixed costs with a focus on needs to support day to day operations of the business and taken the necessary steps to reduce costs where possible

Using the above information management have prepared cash flow forecasts identifying all contractual cash commitments for the next twelve months and compared this to current and expected cash holdings. The results of this analysis indicate that the business can sustain a decline in activity for an extended period whilst continuing to meet its obligations as they fall due. Further, the Director can consider the future arrangements for the investment properties, realising significant positive cash flows if necessary. Finally, the group has access to the overdraft facility, with a term of 2 years, as yet undrawn.

For the reasons discussed above and based on stress tests performed, the Director believes that it remains appropriate to prepare the financial statements on the going concern basis.

#### **Related parties transactions**

The company has taken the exemption available under FRS 102 section 33, not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

# **BDZ Investments Limited**

## **Notes forming part of the financial statements for the period ended 31 December 2018 (continued)**

### **2 Accounting policies (continued)**

#### **Merger accounting**

The comparatives for 2017 of BDZ Investments Limited, BDZ Holdings Limited, PX Partnership (UK) Limited, PX Partnership Properties Limited, Boomerang Creative Limited, FAB Music (UK) Limited, Arigato Dining Limited, New Commercial (Services) Limited, Phoenix Sporting Goods Limited, ARC Property Group Limited, Hogan Music Limited, Armoury Capital Limited, Opendoor Print Limited, ARC Real Estate 1 Limited, Linear Guidance Illumination Limited are shown within the financial statements of the group in line with merger accounting. The entities merged on 1 November 2017, whereby the assets and liabilities of BDZ Investments Limited and the above named companies were transferred to this entity under a business transfer agreement.

The comparative figures comprise results and balances assuming the business had always been combined in accordance with merger accounting rules.

#### **Revenue**

87% (2017: 92%) of the revenue relates to the sale of properties, revenue on which is recognised as follows:

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:

#### **Sale of properties**

Revenue from the sale of properties is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the properties sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

The director considers that these criteria are met following exchange of properties to external customers.

#### **Revenue**

The remaining 13% (2017: 8%) of revenue is derived from other activities within the group, which is recognised as follows

#### **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.

## **BDZ Investments Limited**

**Notes forming part of the financial statements  
for the period ended 31 December 2018 (continued)**

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### **2 Accounting policies (continued)**

#### **Revenue (continued)**

##### **Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied

- the Company has transferred the significant risks and rewards of ownership to the buyer,
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold,
- the amount of revenue can be measured reliably,
- it is probable that the Company will receive the consideration due under the transaction, and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

##### **Other income**

Other income represents rental income due in the period excluding value added tax.

#### **Intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

- Development expenditure - 3 years
- Website - 10 years
- Patents – 10 years

#### **Goodwill**

Goodwill represents the excess of the cost of a business combination over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is carried at cost less accumulated amortisation and accumulated impairment losses. Goodwill amortisation is calculated by applying the straight-line method to its estimated useful life. If a reliable estimate cannot be made, the useful life of goodwill is presumed to be 10 years. Goodwill is being amortised to over 10 years.

Estimates of the useful economic life of goodwill are based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

# BDZ Investments Limited

## Notes forming part of the financial statements for the period ended 31 December 2018 (continued)

### 2 Accounting policies (continued)

#### Tangible fixed assets

Tangible fixed assets, 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.

The group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

#### Depreciation

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Freehold property	- 5% straight line
Leasehold improvements	- 5% / 10% straight line
Plant & machinery	- 25% / 33% straight line and over the 5 year lease term
Office equipment	- 25% / 33% straight line and over the 5 year lease term
Motor vehicles	- 25% / 33% straight line and over the 5 year lease term

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, 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 within 'other operating income or losses' in the statement of comprehensive income.

#### Investment properties

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 profit or loss.

An external independent valuer, having appropriate recognised professional qualifications and current experience of the location and type of property being valued, values the Group's investment property annually. Where an independent valuation was not obtained the director valued the property on an open market basis. Fair values are based on market values. Market values are the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing.

Where current prices cannot be established by reference to an active market, valuations are prepared by considering the aggregate of the estimated net cash flows to be received from renting the property. A yield that recognises the specific risks inherent in the net cash flows is then applied to the net annual rental cash flows to determine the value.

Valuations reflect the type of occupier and the general perception of their likely creditworthiness, the division of related costs between landlord and tenant, the incidence of rent reviews and anticipated revised real levels, and the remaining economic life of the property.

# **BDZ Investments Limited**

**Notes forming part of the financial statements  
for the period ended 31 December 2018 (continued)**

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## **2 Accounting policies (continued)**

### **Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

### **Stocks**

Properties held through power of attorney for resale are valued at the lower of cost (including attributable interest) and net realisable value.

All other stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

### **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.

### **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.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

### **Financial instruments**

The Group only enters into basic financial instruments 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.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

### **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.



# **BDZ Investments Limited**

## **Notes forming part of the financial statements for the period ended 31 December 2018 (continued)**

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### **2 Accounting policies (continued)**

#### **Foreign currency translation**

##### *(a) Functional and presentation currency*

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in 'sterling', which is the company's functional and the group's presentation currency.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date, including any goodwill in relation to that entity. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

##### *(b) Transactions and balances*

Foreign currency transactions are translated into the group entity's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income or expense'.

#### **Research and development costs**

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

#### **Current and deferred taxation**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company's subsidiaries operate and generate taxable income.

## **BDZ Investments Limited**

**Notes forming part of the financial statements  
for the period ended 31 December 2018 (continued)**

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### **2 Accounting policies (continued)**

#### **Current and deferred taxation (continued)**

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date

#### **Leased assets: Lessor**

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

#### **Pension costs**

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

#### **Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

# BDZ Investments Limited

## Notes forming part of the financial statements for the period ended 31 December 2018 (*continued*)

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

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgment are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

#### *Stock*

The group estimates the net realisable value of stock at the end of the reporting period taking into account the age profile of stock and expected demand from customers. The Company also assesses the likelihood of recovering outstanding balances from customers and makes a provision against these balances as required.

#### *Investment property:*

The properties have been valued by a combination of director's valuation and independent surveyors' valuations using market based evidence.

#### *Estimated impairment of receivables*

The Group assesses whether receivables have suffered any impairment by evaluating conditions present at each reporting date. If it is determined that an impairment exists, an appropriate provision against the relevant asset is recognised.

#### *Goodwill*

Positive goodwill acquired on each business combination is capitalised, classified as an asset on the statement of financial position and amortised on a straight line basis over its useful life. Goodwill acquired in a business combination is, from the acquisition date, allocated to each cash generating unit that is expected to benefit from the synergies of the combination. If a subsidiary is subsequently sold any goodwill arising on acquisition that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale.

On the date of approval of the financial statements, there are no indications to imply that material changes to fundamental assumptions and estimates are necessary.

## BDZ Investments Limited

Notes forming part of the financial statements  
for the period ended 31 December 2018 (continued)

### 4 Analysis of turnover

	Period ended 31 December 2018 £	Unaudited Year ended 31 October 2017 £
Residential property	31,766,020	38,728,925
Other	4,708,396	3,556,641
	<u>36,474,416</u>	<u>42,285,566</u>
United Kingdom	36,140,269	41,440,213
Europe	331,740	816,401
Rest of the world	2,407	28,952
	<u>36,474,416</u>	<u>42,285,566</u>

### 5 Other operating income

	Period ended 31 December 2018 £	Unaudited Year ended 31 October 2017 £
Rent receivable	5,124	472,698

### 6 Operating (loss)/profit

	Period ended 31 December 2018 £	Unaudited Year ended 31 October 2017 £
Operating (loss)/profit is stated after charging/(crediting):		
Amortisation of intangible assets	46,630	10,864
Depreciation of owned fixed assets	178,965	209,228
Depreciation of assets held under hire purchase agreements	125,942	157,005
Profit on disposal of fixed assets	(184,150)	(91,020)
Research and development expense	(227,033)	41,876
Auditor's remuneration	30,000	38,000
Non-audit services		
- Accountancy	130,000	59,000
- Taxation	22,000	12,250
Operating lease costs	55,223	59,536
Net (profit)/loss on foreign currency translation	<u>9,981</u>	<u>(893)</u>

## BDZ Investments Limited

Notes forming part of the financial statements  
for the period ended 31 December 2018 (continued)

7 Particulars of employees	Period ended 31 December 2018 No	Unaudited Year ended 31 October 2017 No
BDZ Holdings Limited	14	12
PX Partnership (UK) Limited	7	7
ARC Property Group Limited	2	3
Phoenix Sporting Goods Limited	5	3
New Commercial Services Limited	7	3
Hogan Music Limited	8	11
FAB Music UK Limited	1	1
Arigato Dining Limited	11	11
Linear Guidance Illumination Limited	5	3
Boomerang Creative Limited	7	7
Opendoor Print Limited	10	8
	<u>77</u>	<u>69</u>
	£	£
The aggregate payroll costs of the above were:		
Wages and salaries	2,285,072	1,437,155
Social security costs	203,355	138,570
Pension	2,220	26,172
	<u>2,490,647</u>	<u>1,601,897</u>
	£	£
	6,000	6,000

## 8 Director's remuneration

Period ended 31 December 2018 £	Unaudited Year ended 31 October 2017 £
6,000	6,000

## BDZ Investments Limited

Notes forming part of the financial statements  
for the period ended 31 December 2018 *(continued)*

### 9 Interest payable and similar charges

	Period ended 31 December 2018 £	Unaudited Year ended 31 October 2017 £
Interest payable on bank borrowing	-	193,213
Finance charges (admin expenses)	115,441	19,658
Interest on other loans (admin expenses)	2,110	13,287
	<u>117,551</u>	<u>226,158</u>

Included within cost of sales is an amount of £503,012 (2017: £nil) relating to interest payable on bank borrowings.

### 10 Taxation on loss on ordinary activities

	Period ended 31 December 2018 £	Unaudited Year ended 31 October 2017 £
Current tax:		
UK Corporation tax based on the results for the period / year	-	107,925
Over/under provision of prior year tax	(34,557)	82,577
<b>Total current tax</b>	<u>(34,557)</u>	<u>190,502</u>
Deferred tax:		
Origination and reversal of timing differences	49,144	131,193
<b>Total deferred tax</b>	<u>49,144</u>	<u>131,193</u>
<b>Taxation on loss on ordinary activities</b>	<u>14,587</u>	<u>321,695</u>

## BDZ Investments Limited

### Notes forming part of the financial statements for the period ended 31 December 2018 (continued)

#### 10 Taxation on loss on ordinary activities (continued)

The tax assessed on the loss on ordinary activities for the period is at a higher rate (2017: higher rate) than the standard rate of corporation tax in the UK of 19% (2017: 19.41%).

	Period ended 31 December 2018	Unaudited Year ended 31 October 2017
	£	£
Loss on ordinary activities before tax	(3,159,444)	(35,143)
Loss on ordinary activities multiplied by rate of tax	(600,294)	30,782
Fixed asset differences	(21,501)	4,093
Expenses not deductible for tax purposes	630,692	22,439
Chargeable gains	-	54,617
Adjustments to tax charge in respect of previous periods	(34,555)	82,512
Adjustments to opening & closing deferred tax to average rate of 19%	35,962	(4,224)
Deferred tax not recognised	391,991	130,387
Goodwill amortisation and impairment	-	1,089
Other permanent differences	7,456	-
Income not taxable for tax purposes	(395,164)	-
Total tax charge for period / year	14,587	321,695

The group has losses of £nil (2017: £307,036) available to carry forward against future trading profit of the company in which it arose.

#### 11 Loss attributable to members of the parent company

	Period ended 31 December 2018	Unaudited Year ended 31 October 2017
	£	£
	1,762,000	-

#### 12 Dividends

	Period ended 31 December 2018	Unaudited Year ended 31 October 2017
	£	£
	679	-

## BDZ Investments Limited

Notes forming part of the financial statements  
for the period ended 31 December 2018 *(continued)*

### 13 Intangible fixed assets Group

	Goodwill £	Research & Development £	Website £	Patents £	Total £
<b>Cost or valuation</b>					
At 1 November 2017 (unaudited)	108,639	11,868	10,500	-	131,007
Additions	-	103,334	-	50,000	153,334
Disposals	(69,240)	-	-	-	(69,240)
Disposal of subsidiaries	-	(115,202)	(10,500)	-	(125,702)
<b>At 31 December 2018</b>	<b>39,399</b>	<b>-</b>	<b>-</b>	<b>50,000</b>	<b>89,399</b>
<b>Amortisation</b>					
At 1 November 2017 (unaudited)	13,517	2,582	1,050	-	17,149
Charge for the period	10,864	29,716	1,050	5,000	46,630
Disposals	(14,637)	-	-	-	(14,637)
Disposal of subsidiaries	-	(32,298)	(2,100)	-	(34,398)
<b>At 31 December 2018</b>	<b>9,744</b>	<b>-</b>	<b>-</b>	<b>5,000</b>	<b>14,744</b>
<b>Net book value</b>					
<b>At 31 December 2018</b>	<b>29,655</b>	<b>-</b>	<b>-</b>	<b>45,000</b>	<b>74,655</b>
At 31 October 2017 (unaudited)	95,122	9,286	9,450	-	113,858
<b>Company</b>				<b>Patents £</b>	<b>Total £</b>
<b>Cost or valuation</b>					
At 1 November 2017 (unaudited)				-	-
Additions				50,000	50,000
<b>At 31 December 2018</b>				<b>50,000</b>	<b>50,000</b>
<b>Amortisation</b>					
At 1 November 2017 (unaudited)				-	-
Charge for the period				5,000	5,000
<b>At 31 December 2018</b>				<b>5,000</b>	<b>5,000</b>
<b>Net book value</b>					
<b>At 31 December 2018</b>				<b>45,000</b>	<b>45,000</b>
At 31 October 2017 (unaudited)				-	-



## BDZ Investments Limited

Notes forming part of the financial statements  
for the period ended 31 December 2018 (continued)

### 14 Investment property

Group	Investment Property £
<b>Valuation</b>	
At 1 November 2017 (unaudited)	1,395,000
Additions at cost	423,394
Reclassification from freehold property	1,383,654
Deficit on revaluation	<u>(767,048)</u>
<b>At 31 December 2018</b>	<b><u>2,435,000</u></b>

The 2018 valuations were made by Aitchison Raffety, at 22 February 2018, and subsequently on 31 December 2018 by the Director on an open market value for existing use basis. The director did not deem there to be any change in valuation to the property portfolio.

If stated under historical cost principles, the value of the investment property would be £2,799,065 (2017: £2,505,210).

The exception to the Aitchison Raffety revaluation in February 2018 is the property at Lockside Place which was valued on an open market basis by the Director on 31 December 2018. The property has not been revalued and is held at £320,000.

## BDZ Investments Limited

Notes forming part of the financial statements  
for the period ended 31 December 2018 (continued)

### 15 Tangible fixed assets

Group	Freehold property £	Leasehold improvements £	Plant & machinery £	Office equipment £	Motor vehicles £	Jewellery, Paintings & Piano £	Total £
<b>Cost</b>							
At 1 November 2017 (unaudited)	1,895,799	309,667	173,668	346,734	1,417,400	683,056	4,826,324
Additions	359,365	85,717	28,078	58,765	426,263	179,646	1,137,834
Acquisition of subsidiaries	-	-	28,493	85,349	-	-	113,842
Disposals	-	-	(98,905)	(81,086)	(247,717)	(144,087)	(571,795)
Disposal of subsidiaries	(835,000)	(309,667)	(120,586)	(337,041)	(18,650)	(718,615)	(2,339,559)
Revaluation	-	(85,717)	-	-	-	-	(85,717)
Reclassification	(1,420,164)	-	-	-	-	-	(1,420,164)
<b>At 31 December 2018</b>	<b>-</b>	<b>-</b>	<b>10,748</b>	<b>72,721</b>	<b>1,577,296</b>	<b>-</b>	<b>1,660,765</b>
<b>Depreciation</b>							
At 1 November 2017 (unaudited)	82,094	64,316	113,121	213,529	749,478	-	1,222,538
Charge for the period	37,916	25,490	16,289	63,282	146,615	-	289,592
Acquisition of subsidiaries	-	-	4,115	11,200	-	-	15,315
Disposals	-	-	(64,540)	(70,618)	-	-	(134,721)
Disposal of subsidiaries	(83,500)	(89,806)	(58,237)	(184,993)	(4,483)	-	(421,456)
Reclassification	(36,510)	-	-	-	-	-	(36,510)
<b>At 31 December 2018</b>	<b>-</b>	<b>-</b>	<b>10,748</b>	<b>32,400</b>	<b>891,610</b>	<b>-</b>	<b>934,758</b>
<b>Net book value</b>							
<b>At 31 December 2018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40,321</b>	<b>685,686</b>	<b>-</b>	<b>726,007</b>
At 31 October 2017 (unaudited)	1,813,705	245,351	60,547	133,205	667,922	683,056	3,603,785

## BDZ Investments Limited

### Notes forming part of the financial statements for the period ended 31 December 2018 (*continued*)

#### 15 Tangible fixed assets (*continued*)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	31 December 2018 £	Unaudited 31 October 2017 £
Motor vehicles	<u>606,713</u>	<u>409,979</u>

#### 16 Investments

Subsidiary undertakings	Holding	Shares held	Nature of business	Registration number
All incorporated in England & Wales and held by the Company:				
PX Partnership Properties Limited	Ordinary	100%	Property holding company	08548149
PX Partnership (UK) Limited	Ordinary	100%	Residential property	08548144
*Opendoor Print Limited	Ordinary	75%	Packaging Materials	06042242

The registered office of all subsidiaries is University House, Oxford Square, Newbury, RG14 1JQ.

\*Subsidiary undertakings that are exempt from audit under Section 479A of the Companies Act 2006.

#### Company

	Group Companies £
<b>Cost</b>	
At 1 November 2017 (unaudited)	12,781
Disposals	<u>(8,679)</u>
<b>At 31 December 2018</b>	<u><b>4,102</b></u>
<b>Net book value</b>	
<b>At 31 December 2018</b>	<u><b>4,102</b></u>
At 31 October 2017 (unaudited)	<u>12,781</u>

## BDZ Investments Limited

Notes forming part of the financial statements  
for the period ended 31 December 2018 *(continued)*

### 17 Stocks

	31 December 2018 £	Group Unaudited 31 October 2017 £	31 December 2018 £	Company Unaudited 31 October 2017 £
Finished goods	5,024,394	5,363,224	-	-

There is no material difference between the replacement cost of stock and the amounts stated above. Included in cost of sales are stocks of £31,752,788 (2017: £36,775,475).

The open market value of property stock at the period end was £5,941,000 (2017: £4,520,000). The related loan secured on this property stock and on amounts due in respect of property stock sold represents approximately 71% (2017: 69%) of this figure.

### 18 Debtors

	31 December 2018 £	Group Unaudited 31 October 2017 £	31 December 2018 £	Company Unaudited 31 October 2017 £
Trade debtors	1,155,829	1,436,379	-	-
VAT recoverable	1,843	292,305	-	-
Directors loan account inclusive of S455 tax	100	2,064,312	100	100
Other debtors	2,057,322	4,090,769	-	-
Loans due from companies under common control	4,210,008	-	3,245,000	-
Prepayments and accrued income	117,622	420,232	-	-
	<u>7,542,724</u>	<u>8,303,998</u>	<u>3,245,100</u>	<u>100</u>

Included in other debtors is a loan balance of £nil (2017: £2,284,943).

## BDZ Investments Limited

Notes forming part of the financial statements  
for the period ended 31 December 2018 (*continued*)

### 19 Creditors: amounts falling due within one year

	31 December 2018 £	Group Unaudited 31 October 2017 £	31 December 2018 £	Company Unaudited 31 October 2017 £
Overdraft	4,342,335	3,521,375	-	-
Bank loans	216,500	312,225	-	-
Trade creditors	355,644	770,440	7,000	-
Amounts owed to group undertakings	-	-	5,049,781	12,781
Hire purchase < 1 year	237,703	245,380	-	-
Director's loan account	150,064	-	-	-
Corporation tax	74,985	1,349,009	-	-
Other taxation and social security	-	68,888	-	-
Other creditors	142,871	1,816,591	-	-
Accruals and deferred income	121,641	466,598	-	-
	<u>5,641,743</u>	<u>8,550,506</u>	<u>5,056,781</u>	<u>12,781</u>

Amounts owed to group undertakings are interest free and repayable on demand. The following liabilities disclosed under creditors falling due within one year are secured by the company:

Bank loans and overdrafts	4,558,835	3,833,600	-	-
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The overdraft is secured by a fixed as floating charge over the assets and undertakings of the Group. In addition, cross guarantees have been provided by BDZ Holdings Limited, a related entity.

The overdraft carries financial covenants which the Group must adhere to. The covenants include an interest cover minimum, loan to value minimums and a property holding period covenant. Interest cover and holding period of properties covenants were not met in the period. The overdraft is repayable on demand and so this has not changed the presentation of the overdraft in these financial statements.

### 20 Creditors: amounts falling due after more than one year

	31 December 2018 £	Group Unaudited 31 October 2017 £	31 December 2018 £	Company Unaudited 31 October 2017 £
Bank loans	1,623,098	212,200	-	-
Hire purchase	209,896	223,211	-	-
	<u>1,832,994</u>	<u>435,411</u>	<u>-</u>	<u>-</u>

Borrowings of £1,839,578 (2017: £nil) are secured by a legal fixed charge over land and buildings owned by the Group. The bank loans due after more than one year relates to a 15 year interest only mortgage with a variable interest rate. The remaining term is 8 years.

# BDZ Investments Limited

Notes forming part of the financial statements  
for the period ended 31 December 2018 (continued)

## 21 Creditors - capital instruments

	31 December 2018 £	Group Unaudited 31 October 2017 £	31 December 2018 £	Company Unaudited 31 October 2017 £
Accounts repayable:				
In one year or less or on demand	4,558,835	3,833,600	-	-
In more than two years but not more than five years	<u>1,623,098</u>	<u>212,200</u>	-	-
	<u>6,181,933</u>	<u>4,045,800</u>	-	-

## 22 Commitments under hire purchase agreements

	31 December 2018 £	Unaudited 31 October 2017 £
Group		
Amounts payable within 1 year	237,703	245,380
Amounts payable between 2 to 5 years	<u>209,896</u>	<u>223,211</u>
	<u>447,599</u>	<u>468,591</u>

## 23 Share capital

	No	2018 £	No	2017 £
Allotted, called up and fully paid				
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

## 24 Reserves

### Profit and loss account

Of the total profit and loss reserves, £837,258 (2017: £70,210) relates to the cumulative impairment to the investment properties.

## 25 Commitments under operating leases

### Lessee

Group	31 December 2018 £	Unaudited 31 October 2017 £
Operating leases which expire:		
1 year	31,462	31,462
2 – 5 years	125,848	125,848
After more than 5 years	<u>-</u>	<u>31,462</u>

# BDZ Investments Limited

Notes forming part of the financial statements  
for the period ended 31 December 2018 (continued)

## 25 Commitments under operating leases (continued)

Lessor

Group	31 December 2018 £	Unaudited 31 October 2017 £
Operating leases which expire:		
1 year	175,986	-
2 – 5 years	655,944	-
After more than 5 years	<u>819,930</u>	<u>-</u>

## 26 Deferred taxation

	31 December 2018 £	Unaudited 31 October 2017 £
At beginning of period	(131,193)	-
Charge to profit or loss	<u>(49,144)</u>	<u>(131,193)</u>
<b>At end of period</b>	<b><u>(180,337)</u></b>	<b><u>(131,193)</u></b>
The deferred taxation is made up as follows:		
Fixed asset timing differences	<u>(180,337)</u>	<u>(131,193)</u>

## 27 Related party transactions

During the period BDZ Investments Limited received interest free loans from PX Partnership (UK) Limited. The balance was outstanding at the period end.

	% owned	2018 £	2017 £
PX Partnership (UK) Limited	<u>100%</u>	<u>5,045,000</u>	<u>-</u>

During the period BDZ Investments Limited made interest free loans to the following Companies with common ownership. All were outstanding at the period end.

	2018 £	2017 £
ARC Property Group	350,000	-
Hogan Music Limited	850,000	676,091
Fab Music (UK) Limited	120,000	-
New Commercial (Services) Limited	245,000	-
Boomerang Creative Limited	400,000	-
Arigato Dining Limited	450,000	187,852
Linear Guidance Illumination Limited	700,000	560,367
Hadleys Hairdressing Limited	<u>130,000</u>	<u>173,849</u>

## **BDZ Investments Limited**

**Notes forming part of the financial statements  
for the period ended 31 December 2018 (continued)**

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### **27 Related party transactions**

*Boomerang Creative Limited* provided services of £7,000 (2017: £nil) to BDZ Investments Limited during the period. This was outstanding at the period end.

Shares were purchased from BDZ Holdings Limited on 1st November 2017 for £4,781. This amount remains outstanding at the period end.

A loan with Phoenix Sporting Goods Limited of £1,400,000 has been fully provided against and written off as irrecoverable at the period end.

### **28 Pensions**

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £2,220 (2017 - £26,172). Contributions totalling £nil (2017 - £nil) were payable to the fund at the reporting date and are included in creditors.

### **29 Controlling party**

The ultimate controlling party is B Rae by virtue of his 100% holding of the shares of the Company.



# BDZ Investments Limited

## Notes forming part of the financial statements for the period ended 31 December 2018 (continued)

### 30 Disposal of subsidiaries

On 30 December 2018 the group disposed of its 100% investment in the following subsidiaries:

BDZ Holdings Limited  
Boomerang Creative Limited  
FAB Music (UK) Limited  
Arigato Dining Limited  
New Commercial (Services) Limited  
Phoenix Sporting Goods Limited  
ARC Property Group Limited  
Armoury Capital Limited

On 30 December 2018 the group disposed of its 75% investment in the following subsidiaries:

Hogan Music Limited  
Linear Guidance Illumination Limited

The loss on disposal has been calculated as follows:

Cash proceeds		-
Net assets disposed of:		
Tangible fixed assets	1,918,104	
Intangible fixed assets	91,304	
Stock	751,030	
Debtors	5,645,442	
Cash	81,369	
Creditors	(9,165,624)	
Deferred tax	35,529	
		(642,847)
Goodwill	54,603	
Other reserves	(9,284)	
		45,319
Purchase of shares		(4,102)
Gain on disposal		(601,630)

### 31 Post balance sheet event

Subsequent to the statement of financial position date, the Covid-19 outbreak has escalated to a global pandemic. The impact of this has been considered on the financial statements up to the date of signing. The impact on the going concern assessment has been considered in the Director's report and in note 2. No further adjustments are deemed necessary in respect of this matter.

On 1 March 2020 the company's 75% holding in Opendoor Print Limited was sold for a consideration of £25,000