

Red Door Ventures Limited

Report and Financial Statements

Year Ended

31 March 2016

Company Number 08956137

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Red Door Ventures Limited

Company Information

Directors	C Wood J A Swinney D E Christie C L Alexander K Taylor S Gaventa
Registered number	08956137
Registered office	Devonshires 30 Finsbury Circus London EC2M 7DT
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU

Red Door Ventures Limited

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Red Door Ventures Limited

Strategic report For the year ended 31 March 2016

Business and financial review

The Company completed the construction of its first private market rented scheme in February 2016. The scheme named "The Tanneries" consists of 36 - two bedroom apartments in Stratford. At the 31 March 2016, 16 of the apartments were let, and the remaining 20 apartments were let post the financial year end.

Two additional sites were acquired in the year, one at Nelson Street East Ham and the other at Libra Road, Plaistow. The site at Nelson Street consisted of 3 former fireman's cottages that are currently being refurbished to create 6 new apartments; three 1 bedroom and three 2 bedroom units. Construction has commenced on this site and is scheduled to be completed at the beginning of September 2016. All 6 units have been pre-let. The other site at Libra Road commenced construction in April 2016 and it is anticipated the 17 one and two bed apartments will be completed and ready for occupation in May 2017.

Turnover for the year was £7,151,081 (2015 – Nil) of which rental income received was £23,021. The Company sustained an operating loss before fair value adjustments in the year of £1,038,967 (2015 a loss of £494,077). In accordance with recognised accounting standards the Company undertook a valuation exercise on the properties and sites held for construction. This resulted in an increase in the fair value of our investment property of £6,648,458 (2015 £1,117,350). Overall the Company generated a Profit Before Tax of £5,609,491 (2015 – £623,273).

In 2016 / 17 the Company anticipates that it will be submitting 10 planning applications for 685 homes to the London Borough of Newham for approval, with construction on these sites to commence in 2018.

Principal risks and uncertainties

Red Door Ventures is a wholly owned subsidiary of the London Borough of Newham. The Company operates independently from the Council, with its own Board of Directors. The Board has established an effective framework for identifying, monitoring and managing risks. The executive management team prepare the risk register for discussion and approval of the Board on an annual basis, with potential changes to key risks presented to the Board for consideration during the financial year.

Risks are identified that could be detrimental to the Company's ability to achieve its strategic goals and business plan objectives. Appropriate controls and mitigation actions are identified and implemented to reduce the potential adverse impact to the achievement of these targets.

Key risks identified by the Company and the mitigation strategy to combat these risks are summarised below:

Deterioration of Relationship with Shareholder – The London Borough of Newham

It is anticipated there will be challenges within the relationship between RDV and the council. Whilst the shareholder agreement offers RDV a good deal of autonomy it also retains key decisions for the Shareholder, which incentivises RDV to resolve any difficulties.

The new management team is tasked with the development of the relationship between the Council and RDV. This relationship is vital to the long term success of RDV.

Collapse of the Residential Property Market

The property market is susceptible to fluctuations. The risk is that the value of RDV's portfolio will fall while the market is at a low.

RDV is a long term venture and would expect to survive any fluctuations in the market. However, were market rent levels to fall substantially, RDV could take a view on sales to ride the downturn or seek a subsidy input from LBN to utilise a greater proportion of properties at affordable rents.

Red Door Ventures Limited

Strategic report (continued) For the year ended 31 March 2016

Loss of London as a World City

London's residential property market is closely related to London as a world city therefore the loss of London as a city would greatly impact RDV.

London's growth is key to the growth of the UK economy and therefore its global status is a matter of national priority. The long term impact on London's status is now uncertain as a result of the referendum to exit the EU. We will continue to monitor the research and forecasts for the economic future for London and shape our business plan accordingly.

Severe Decline in Demand for Rental Properties

Over recent years, there has been a shift in tenure patterns. Owner occupation has been in decline while renting has increased. It is possible that the market may see a reversal of this state.

In severe circumstances, RDV can mitigate financial losses through a number of measures including converting properties to shared ownership and/or outright sale, and leasing properties to housing associations, LBN and/or other London councils.

Skill Deficit / Loss of key RDV staff / Inability to attract and retain employees

The loss of key staff and ability to recruit people of the right calibre and experience is critical to the success of the Company.

The Company offers competitive salary and benefit packages, continually reviewing and bench marking with the sector.

Employee development and training is actively encouraged with professional development of each staff member managed on an individual basis.

Failure of a contractor

The financial / operational failure of a contractor would have a significant impact on the financial viability of the scheme.

Contractor reputation, capability and financial stability to be assessed prior to contract award and monitored through the life of the scheme.

Affordable Housing Contribution

The Council's requirement for 35% to 50% of any development to be affordable will have a material impact on scheme viability.

Proposals have been submitted to Newham for the provision of affordable housing on-site (where financial viability allows); or alternatively the provision of affordable housing off site through linked schemes and a revenue contribution over the life of the PRS scheme to cover any shortfall.

Red Door Ventures Limited

Strategic report (continued) For the year ended 31 March 2016

Health and Safety

Building sites are inherently dangerous places. Any accident or incident on site occurring from daily operations can impact on the health and safety of our employees, contractors, member of the public as well as harming the environment. Such incidents could result in reputational damage, financial penalties and disruptions to operations.

The health and safety record of our contractors is a key element of our decision making process for the award of contracts. At site meetings health and safety is a key agenda item and the contractors' safety performance is monitored by the Company. Staff receive appropriate health and safety training.

Poor Tenant Behaviour

The failure to select appropriate tenants could impact on a development through disruptive neighbours; bad debts in relation to rent collections and damage to the property resulting in expensive refurbishment. Expenditure and a delay in the ability to re-let the property.

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Property Scheme Management

The inability to successfully manage a development once in the letting stage would have a detrimental impact on our reputation, brand and ability to attract tenants.

The managing agents for the scheme are selected on the basis of experience and reputation. A monthly management meeting is held with the agent including on-site inspections and obtaining tenant satisfaction reports. The Managing Agent's performance is measured against the Board's approved KPI's.

Red Door Ventures Limited

Strategic report (continued)
For the year ended 31 March 2016

Key performance indicators

The Company will use the following key performance indicators to manage the performance of its property letting and management service: -

Rent Collection

- Current arrears as % of gross rental income.
- Collection rate (%)
- Current arrears (£)
- Former tenant's arrears (£)
- Total former tenant arrears recovered (£)

Complaints

- No. of complaints received (quarter and year)
- No. not dealt with in target times
- Percentage resolved at Stage 1
- Percentage resolved at Stage 2
- Percentage resolved at Stage 3

Repairs

- % of repairs completed within target
- Satisfaction with repairs
- Asset performance – income v expenditure
- No. of defects
- Defects contractor performance
- Repairs cost
- Average number of repairs per unit
- Max no. of repairs per unit
- Min no. of repairs per unit

Lettings and Void Management

- Average void turnaround time (days)
- Void rent loss (£)

Deposit Handling

- No. of deposits protected within prescribed timescales (100%)
- New deposits lodged
- Deposits repaid
- Value of deposit claims
- No. of Disputes

This report was approved by the board and signed on its behalf.



.....
C Wood
Director

Date: 6/10/16

Red Door Ventures Limited

Directors' report For the year ended 31 March 2016

The directors present their report and the financial statements for the year ended 31 March 2016.

Principal activities

The principal activity of the company is that of the construction and investment in private rented sector properties.

Director

The directors who served during the year were:

C Wood
J A Swinney
D E Christie
C L Alexander (appointed 1 January 2016)

Post year end there were the following appointments of directors:

K Taylor (appointed 25 April 2016)
S Gaventa (appointed 28 July 2016)

Directors' responsibilities

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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 101 'Reduced Disclosure Framework'. Under company law the directors 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Red Door Ventures Limited

Directors' report For the year ended 31 March 2016

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditors

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



.....
C Wood
Director

Date:

6/10/16

Red Door Ventures Limited

Independent Auditor's report to the members of Red Door Ventures Limited

We have audited the financial statements of Red Door Ventures Limited for the year ended 31 March 2016 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditors

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its profit 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Red Door Ventures Limited

Independent Auditor's report to the members of Red Door Ventures Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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 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.

BDO LLP

Thomas Edward Goodworth (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

Date: 06/10/16

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

Red Door Ventures Limited

Statement of comprehensive Income For the year ended 31 March 2016

	Note	31 March 2016 £	Period ended 31 March 2015 £
Turnover	4	7,151,081	-
Cost of sales		(7,184,258)	-
Gross (loss)/profit		(33,177)	-
Administrative expenses		(823,669)	(474,869)
Increase in fair value of investment property		6,648,458	1,117,350
Operating profit	5	5,791,612	642,481
Interest payable and expenses	9	(182,121)	(19,208)
Profit before tax		5,609,491	623,273
Tax on profit	10	(1,035,530)	(123,470)
Profit for the year		4,573,961	499,803
Other comprehensive income:			
Other comprehensive income net of tax		-	-
Total comprehensive income for the year/period		4,573,961	499,803

All amounts relate to continuing operations.

The notes on pages 12 to 26 form part of these financial statements.

Red Door Ventures Limited

Registered number:08956137

Statement of financial position As at 31 March 2016

	Note	2016 £	2015 £
Tangible assets	11	31,911	13,517
Investments	12	1	-
Investment property	13	18,697,000	4,457,398
		<u>18,728,912</u>	<u>4,470,915</u>
Current assets			
Debtors: amounts falling due within one year	14	4,521,034	1,601,843
Cash at bank and in hand	15	720,920	949,948
		<u>5,241,954</u>	<u>2,551,791</u>
Creditors: amounts falling due within one year	16	(1,950,014)	(1,771,092)
Net current assets		<u>3,291,940</u>	<u>780,699</u>
Total assets less current liabilities		<u>22,020,852</u>	<u>5,251,614</u>
Creditors: amounts falling due after more than one year	17	(11,464,286)	(2,363,651)
Provisions for liabilities			
Deferred tax		(1,400,000)	(223,470)
Net assets		<u>9,156,566</u>	<u>2,664,493</u>
Capital and reserves			
Share capital	19	4,082,802	2,164,690
Retained earnings	20	5,073,764	499,803
		<u>9,156,566</u>	<u>2,664,493</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


C. Wood
Director

Date: 6/10/16

The notes on pages 12 to 26 form part of these financial statements.

Red Door Ventures Limited

Statement of changes in equity For the year ended 31 March 2016

	Share capital £	Retained earnings £	Total equity £
At 1 April 2015	2,164,690	499,803	2,664,493
Comprehensive Income for the year			
Profit for the year	-	4,573,961	4,573,961
Shares issued during the year	1,918,112	-	1,918,112
At 31 March 2016	4,082,802	5,073,764	9,156,566

Statement of changes in equity For the year ended 31 March 2015

	Share capital £	Retained earnings £	Total equity £
At 24 March 2014	-	-	-
Comprehensive Income for the period			
Profit for the period	-	499,803	499,803
Shares issued during the period	2,164,690	-	2,164,690
At 31 March 2015	2,164,690	499,803	2,664,493

The notes on pages 12 to 26 form part of these financial statements.

Red Door Ventures Limited

Notes to the financial statements For the year ended 31 March 2016

1. General information

Red Door Ventures Limited is a company incorporated in England and Wales under the Companies Act. The address of the registered office is given on the company information page and the nature of the group's operations and its principal activities are set out in the strategic report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

2.3 Going concern

The directors are required to consider whether at the date of signing the financial statements they have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. As part of this analysis the directors have reviewed the company's forecasts for the foreseeable future along with the availability of financing to fund both the company's development activities and its working capital requirements, and based on this analysis, at the date of approval of the financial statements, have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

Red Door Ventures Limited

Notes to the financial statements For the year ended 31 March 2016

2. Accounting policies (continued)

2.4 Revenue

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

Rental recognition is accounted for on a daily basis.

Contract income

Once the company considers that the outcome of a construction contract can be reliably estimated, revenue and profit is recognised on the basis of the proportion of the contract that is completed.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company 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 company. 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 is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures & fittings	- 20% straight line method
Office equipment	- 33.33% straight line method
Scheme furniture packages	- 20% straight line method

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of comprehensive income.

2.6 Investment property

The company applies the fair value accounting model to investment property. Investment property comprises property held by the company for the purpose of earning rental income (including investment property under construction). Investment property is stated at fair value at the reporting date with changes in fair value being recognised in profit or loss.

Red Door Ventures Limited

Notes to the financial statements For the year ended 31 March 2016

2. Accounting policies (continued)

2.7 Leased assets

Where substantially all of the risks and rewards incidental to ownership are not transferred to the company (an "operating lease"), the total rentals payable under the lease are charged to the statement of comprehensive income on a straight line basis over the lease term.

2.8 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.

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.11 Financial instruments

The company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets

The company recognises its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Income statement. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the

Red Door Ventures Limited

Notes to the financial statements For the year ended 31 March 2016

2. Accounting policies (continued)

2.11 Financial Instruments (continued)

associated provision.

Financial liabilities

The company classifies its financial liabilities into one of the categories discussed below, depending on the purpose for which the liability was acquired.

At amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Statement of financial position.

2.12 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.13 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Income statement 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 company in independently administered funds.

Red Door Ventures Limited

Notes to the financial statements For the year ended 31 March 2016

2. Accounting policies (continued)

2.14 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income statement, except that a change attributable to an item of income and 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 operates and generates income.

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

- 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

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

The fair value of investment property is determined, by the directors, to be the estimated amount for which a property should exchange on the date of the valuation in an arm's length transaction. Properties have been valued on an individual basis. The fair value of investment properties under construction is estimated as the fair value of the completed asset less any costs payable in order to complete the asset and an appropriate developer's margin.

4. Analysis of turnover

All turnover arose within the United Kingdom.



Red Door Ventures Limited

Notes to the financial statements For the year ended 31 March 2016

5. Operating profit

The operating profit is stated after charging:

	31 March 2016 £	Period ended 31 March 2015 £
Depreciation of tangible fixed assets	5,326	598
Defined contribution pension cost	6,856	727
Operating lease rentals: Other operating leases	14,248	2,704

6. Auditors' remuneration

The company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the company:

	31 March 2016 £	Period ended 31 March 2015 £
Fees for the audit of the company	17,000	11,000
Fees for the accounts preparation of the company	1,800	3,250

Red Door Ventures Limited

Notes to the financial statements For the year ended 31 March 2016

7. Employees

Staff costs, including directors' remuneration, were as follows:

	31 March 2016 £	Period ended 31 March 2015 £
Wages and salaries	574,533	219,868
Social security costs	11,086	18,442
Cost of defined contribution scheme	6,856	727
	<u>592,475</u>	<u>239,037</u>

The average monthly number of employees, including the directors, during the year was as follows:

	31 March 2016 No.	Period ended 31 March 2015 No.
	<u>3</u>	<u>4</u>

Included in total employee costs are capitalised wages, salaries and fees of £285,550, capitalised social security costs of £8,202 and capitalised other pension costs of £2,316.

8. Directors' remuneration

	31 March 2016 £	Period ended 31 March 2015 £
Directors' emoluments	147,895	166,100
	<u>147,895</u>	<u>166,100</u>

The Mayor of Newham and London Borough of Newham Councillors received no remuneration from Red Door Ventures Limited.



Red Door Ventures Limited

Notes to the financial statements For the year ended 31 March 2016

9. Interest payable and similar charges

	31 March 2016 £	Period ended 31 March 2015 £
Other loan interest payable	182,121	19,208
	<u>182,121</u>	<u>19,208</u>

10. Taxation

	31 March 2016 £	Period ended 31 March 2015 £
Current tax on profits for the year	-	-
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	1,035,530	123,470
Total deferred tax	<u>1,035,530</u>	<u>123,470</u>
Taxation on profit on ordinary activities	<u>1,035,530</u>	<u>123,470</u>

Red Door Ventures Limited

Notes to the financial statements For the year ended 31 March 2016

10. Taxation (continued)

Factors affecting tax charge for the year/period

The tax assessed for the year/period is lower than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 20%). The differences are explained below:

	31 March 2016 £	Period ended 31 March 2015 £
Profit on ordinary activities before tax	5,609,491	623,273
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20%)	1,121,898	124,655
Effects of:		
Expenses not deductible for tax purposes	-	780
Depreciation in excess of capital allowances	-	120
Short term timing difference leading to a decrease in taxation	-	(2,085)
Group relief surrendered	42,768	-
Profits chargeable at lower rates	(129,136)	-
Total tax charge for the year/period	1,035,530	123,470

Red Door Ventures Limited

Notes to the financial statements For the year ended 31 March 2016

11. Tangible fixed assets

	Fixtures & fittings £	Office equipment £	Total £
Cost			
At 1 April 2015	1,070	13,045	14,115
Additions	22,775	945	23,720
At 31 March 2016	23,845	13,990	37,835
Depreciation			
At 1 April 2015	36	562	598
Charge for the period	798	4,528	5,326
At 31 March 2016	834	5,090	5,924
Net book value			
At 31 March 2016	23,011	8,900	31,911
At 31 March 2015	1,034	12,483	13,517

Red Door Ventures Limited

Notes to the financial statements For the year ended 31 March 2016

12. Fixed asset investments

	Investments in subsidiary companies £
Cost	
At 1 April 2015	-
Additions	1
At 31 March 2016	<u>1</u>
Net book value	
At 31 March 2016	<u>1</u>
At 31 March 2015	<u>-</u>

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Country of Incorporation	Class of shares	Holding	Principal activity
RDV Design and Build Limited	United Kingdom	Ordinary	100 %	Provision of design and build contracting services

Red Door Ventures Limited

Notes to the financial statements For the year ended 31 March 2016

13. Investment property

	Freehold Investment property £
Valuation	
At 1 April 2015	4,457,398
Additions at cost	7,591,144
Surplus on revaluation	6,648,458
At 31 March 2016	18,697,000

The 2016 valuations were made by Strettons Limited (Chartered Surveyors), on an open market value for existing use basis.

The total finance costs capitalised during the period amounted to £353,886 (2015 - £8,404).

14. Debtors

	2016 £	2015 £
Amounts owed by group undertakings	1,189,747	-
Other debtors	4,655	-
Called up share capital not paid	100	100
Prepayments and accrued income	3,085,532	1,501,743
Deferred taxation (note 18)	241,000	100,000
	4,521,034	1,601,843

15. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	720,920	949,948
	720,920	949,948

Red Door Ventures Limited

Notes to the financial statements For the year ended 31 March 2016

16. Creditors: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	1,080,211	1,152,429
Other taxation and social security	479,007	3,551
Other creditors	18,794	-
Accruals and deferred income	372,002	615,112
	<u>1,950,014</u>	<u>1,771,092</u>

17. Creditors: Amounts falling due after more than one year

	2016 £	2015 £
Amounts owed to group undertakings	11,464,286	2,363,651
	<u>11,464,286</u>	<u>2,363,651</u>

The amounts owed to group undertakings represents:

An unsecured loan of £4,882,000 from the London Borough of Newham (LBN), the parent entity. The loan is repayable in October 2029 and interest is charged at the higher of LBN's Consolidated Rate of Interest plus 0.5% or LIBOR plus 3%. Interest charged for the period ended 31 March 2016 amounted to £187,296 (2015 - £15,247) and is included in the balance outstanding at the year end.

£1,298,754 of secured loan notes issued by Red Door Ventures Limited to LBN. The loan notes are scheme-specific and secured on the property. They are repayable 48 years after the refinance date, which is typically 6 to 9 months after practical completion of the scheme. Interest is charged at a fixed rate of 12% per annum in the development phase, which is rolled up in the amount outstanding, and then reverts to 10% in the investment phase. Interest charged for the period ended 31 March 2016 amounted to £170,160 (2015 - £8,404).

£4,718,152 of secured senior loans from LBN. The senior loans are scheme-specific and secured on the property. They are repayable 45 years after the refinance date, which is typically 6 to 9 months after practical completion of the scheme. Interest is charged at a fixed rate of 6.5% per annum in the development phase, which is rolled up in the amount outstanding, and then reverts to 6% in the investment phase. Interest charged for the period ended 31 March 2016 amounted to £192,130 (2015 - £Nil).

Red Door Ventures Limited

Notes to the financial statements For the year ended 31 March 2016

18. Deferred taxation

	Deferred tax £
At 1 April 2015	123,470
Charged to the profit or loss (note 10)	(1,035,530)
At 31 March 2016	<u>1,159,000</u>

In respect of prior year:

	Deferred tax £
At 24 March 2014	-
Charged to the profit or loss	123,470
At 31 March 2015	<u>123,470</u>

	2016 £	2015 £
Comprising:		
Deferred tax asset on unutilised losses (note 14)	(241,000)	(100,000)
Deferred tax liability on investment property revaluation	1,400,000	223,470
	<u>1,159,000</u>	<u>123,470</u>

19. Share capital

	2016 £	2015 £
Allotted, called up and fully paid		
4,082,802 (2015 - 2,164,690) Ordinary shares of £1 each	<u>4,082,802</u>	<u>2,164,690</u>

On 11 November 2015, the company issued a further 1,918,112 ordinary £1 shares at par.

Ordinary shares carry equal rights of dividends, voting and return of capital on the winding up of the company.

Red Door Ventures Limited

Notes to the financial statements For the year ended 31 March 2016

20. Reserves

Retained earnings

The retained earnings reflect all other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

21. Commitments under operating leases

At 31 March 2016 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Not later than 1 year	27,028	9,180
Later than 1 year and not later than 5 years	19,814	-
Total	46,842	9,180

Commitments under operating leases represents lease of office premises.

22. Related party transactions

The company has taken advantage of the exemption available under FRS 101 Reduced Disclosure Framework not to disclose transactions with other wholly owned members of the group.

Altair, of which Susan Kane (former interim FD; September 2015 - April 2016) and Chris Wood (current interim MD) are both Partners, were paid £312,951 during the year. This included all consultancy services provided in the year.

23. Controlling party

The immediate and ultimate parent undertaking is the London Borough of Newham, a Local Authority whose principal place of business is Newham Dockside, 1000 Dockside Road, London E16 2QU.

The largest and smallest group of undertakings for which group accounts are drawn up and of which the company is a member is the group headed by the London Borough of Newham.

Copies of the group financial statements of the London Borough of Newham are available from Newham Dockside, 1000 Dockside Road, London E16 2QU.

The company is controlled by the London Borough of Newham.