

Demac Properties Ltd

Filleted financial statements

Year ended 31 March 2020

Registered number: NI040498

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Demac Properties Ltd

Directors' report and financial statements

Contents

Page

Balance sheet

1

Notes forming part of the financial statements

2

Demac Properties Ltd

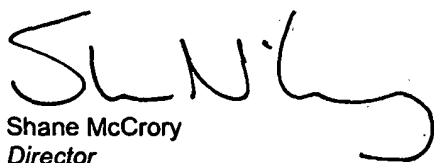
Balance sheet as at 31 March 2020

	Note	2020 £	2019 £
Fixed assets			
Investments	2	13,065,000	23,550,000
Current assets			
Debtors	3	431,236	320,155
Cash at bank and in hand	4	130,462	245,731
		561,698	565,886
Creditors: amounts falling due within one year	5	(30,529,618)	(31,932,717)
Net current liabilities		(29,967,920)	(31,366,831)
Total assets less current liabilities		(16,902,920)	(7,816,831)
Net liabilities		(16,902,920)	(7,816,831)
Capital and reserves			
Called up share capital	6	2	2
Profit and loss account		(16,902,922)	(7,816,833)
Shareholders' deficit		(16,902,920)	(7,816,831)

The accounts have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The profit and loss account, directors' report and auditor's report have not been delivered to the Registrar of Companies in accordance with the special provisions applicable to companies subject to the small companies regime.

These filleted financial statements were approved by the board of directors on 25 March 2021 and were signed on its behalf by:


Shane McCrory
Director

Registered no. NI040498

Demac Properties Ltd

Notes

forming part of the filleted financial statements

1 Accounting policies

Demac Properties Ltd ("the company") is a company limited by shares and incorporated and domiciled in the United Kingdom. The registered number is NI040498 and the registered address is Garvagh House, 8 Garvagh Road, Donaghmore, Dungannon, Co. Tyrone.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102"). The presentation currency of these financial statements is Sterling.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: investment property.

Going concern

The financial statements have been prepared on a going concern basis, notwithstanding that the company had net liabilities at 31 March 2020. During the prior year, the company successfully renegotiated its banking arrangements with its principal lender, and as a result has begun the process of selling the investment properties in note 6. The company has agreed with the principal lender that if any resultant shortfall on the loans is outstanding the amount will be forgiven by the lender. The director and related companies have also undertaken to provide ongoing financial report for the foreseeable future. The directors are therefore of the opinion that it is appropriate to prepare the financial statements on the going concern basis.

Classification of financial instruments issued by the company

In accordance with FRS 102.22, financial instruments issued by the company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Basic financial instruments

Trade and other debtors/creditors

Trade and other debtors are recognised initially at transaction price plus attributable transaction costs. Trade and other creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Demac Properties Ltd

Notes (continued)

1 Accounting policies (continued)

Basic financial instruments (continued)

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost.

Subsequent to initial recognition

- i. Investment properties whose fair value can be measured reliably without undue cost or effort are held at fair value. Any gains or losses arising from changes in the fair value are recognised in profit or loss that they arise, and
- ii. No depreciation is provided in respect of investment properties applying the fair value model.

This treatment as regards the company's investment properties, may be a departure from the requirements of the Companies Acts concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the financial statements to give a true and fair view. Depreciation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

If a reliable measure is not available without undue cost or effort for an item of investment property, this item is thereafter accounted for as tangible fixed assets in accordance with FRS 102 until a reliable measure of fair value becomes available.

No item of investment property in the year was valued by an external, independent valuer. The prior year valuation was based on a valuation by an external, independent valuer.

Any gain or loss arising from a change in fair value is recognised in profit or loss. Rental income from investment property is accounted for as described in the turnover accounting policy.

Impairment excluding stocks, investment properties and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Demac Properties Ltd

Notes (continued)

1 Accounting policies (continued)

Impairment excluding stocks, investment properties and deferred tax assets (continued)

Financial assets (including trade and other debtors) (continued)

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the entity would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Turnover

Turnover represents rental income and excludes VAT. Rental income is recognised on a straight line basis over the term of the respective leases

Provisions

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Expenses

Interest receivable and Interest payable

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest rate method. Foreign currency gains and losses are reported on a net basis.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Demac Properties Ltd

Notes (continued)

1 Accounting policies (continued)

Taxation (continued)

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. For non-depreciable assets that are measured using the revaluation model, or investment property that is measured at fair value, deferred tax is provided at the rates and allowances applicable to the sale of the asset/property, except when the investment property has a limited useful life and the objective of the company's business model is to consume substantially all of the value through use. In the latter case the tax rate that is expected to apply to the reversal of the related difference is used. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2 Investments	2020 £	2019 £
Investment properties		
Valuations at beginning of year	23,550,000	26,155,000
Disposals in year	(700,000)	-
Revaluation	(9,785,000)	(2,605,000)
	<hr/>	<hr/>
Valuations at end of year	13,065,000	23,550,000
	<hr/>	<hr/>

The investment property fair value is based on a director's valuation.

Any gain or loss arising from a change in fair value is recognised in profit or loss.

The historical cost and aggregate depreciation are based on historical cost calculated at 2% per annum are given below:

	2020 £	2019 £
Historical cost	33,257,734	33,257,734
Aggregate depreciation thereon	(11,477,403)	(10,812,248)
	<hr/>	<hr/>
Historical cost net book value	21,780,331	22,365,486
	<hr/>	<hr/>

Demac Properties Ltd

Notes (continued)

3 Debtors: amounts falling due within one year	2020	2019
	£	£
Trade debtors	122,813	73,797
Loans to directors	105,518	105,518
Prepayments and accrued income	22,346	10,184
Corporation tax	25,625	26,380
Amounts due from related entities	14,833	14,833
Other debtors	140,101	89,443
	431,236	320,155

Trade debtors are stated net of a provision for impairment of £Nil (2019: £Nil).

The directors' loan is non-interest bearing and repayable on demand.

4 Cash and cash equivalents	2020	2019
	£	£
Cash at bank and in hand	130,462	245,731

5 Creditors: amounts falling due within one year	2020	2019
	£	£
Trade creditors	134,453	183,662
Amounts due to related parties	120,000	168,000
Other creditors including tax and social welfare	258,620	123,235
Accruals	260,548	276,823
Directors loans	721,982	721,982
Bank loans	29,034,015	30,459,015
	30,529,618	31,932,717

Tax and social welfare included in other creditors:

VAT	97,754	87,697
Corporation tax	160,866	35,538
	258,620	123,235

The bank loan bears interest at a rate of 2.25% plus LIBOR and is secured by mortgages over the 6 properties. The directors' loan is non-interest bearing and repayable on demand.

Demac Properties Ltd

Notes (continued)

6 Called up share capital	2020 £	2019 £
Authorised		
100,000 ordinary shares of £1 each	100,000	100,000
	<hr/>	<hr/>
Allotted, called up and fully paid		
2 ordinary shares of £1 each	2	2
	<hr/>	<hr/>

7 Related party transactions

During the year the company was charged a management fee by Apamore Services Limited £220,000 (2019: £240,000). The balance owed to this entity at year end was £120,000 (2019: £168,000). The balance owed by this entity at year end was £Nil. This entity is related by virtue of common directors.

At year end, the company was owed £14,833 by Dellway Investments Limited (2019: £14,833). The entity is related by virtue of common directors.

At year end, the company owed £721,982 (2019: £721,982) to Padraig Drayne, director.

At year end, the company was owed £105,518 (2019: £105,518) from Declan McCrystal, director.

8 Controlling party

The company is controlled by Mr. Padraig Drayne.

9 Audit report

On 25 March 2021, KPMG reported, as statutory auditors of Demac Properties Ltd, to the members of the company on the financial statements for the year ended 31 March 2020 and the report was unqualified. The audit report was signed by C. Byrne (Senior Statutory Auditor) for and on behalf of KPMG, Chartered Accountants, Statutory Audit Firm.