

**PRINCIPAL DEVELOPMENT CO (INVERNESS) LIMITED
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

Principal Development Co (Inverness) Limited
Unaudited Financial Statements
For The Year Ended 31 March 2019

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Principal Development Co (Inverness) Limited
Balance Sheet
As at 31 March 2019

Registered number: SC156154

| | | 2019 | | 2018 | |
|--|--------------|-------------|--------------|-------------|--------------|
| | Notes | £ | £ | £ | £ |
| FIXED ASSETS | | | | | |
| Tangible Assets | 3 | | 555,539 | | 675,275 |
| Investment properties | 4 | | 8,480,421 | | 8,272,737 |
| | | | | | |
| | | | 9,035,960 | | 8,948,012 |
| CURRENT ASSETS | | | | | |
| Stocks | | | - | | 8,000 |
| Debtors | 5 | 413,825 | | 359,635 | |
| | | | 413,825 | | 367,635 |
| Creditors: Amounts Falling Due Within One Year | 6 | (489,985) | | (562,300) | |
| NET CURRENT ASSETS (LIABILITIES) | | | (76,160) | | (194,665) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 8,959,800 | | 8,753,347 |
| Creditors: Amounts Falling Due After More Than One Year | 7 | | (2,743,970) | | (2,949,120) |
| PROVISIONS FOR LIABILITIES | | | | | |
| Deferred Taxation | | | (378,487) | | (377,862) |
| NET ASSETS | | | 5,837,343 | | 5,426,365 |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 8 | | 40,812 | | 40,812 |
| Fair value reserve | | | 2,706,841 | | 2,615,105 |
| Profit and Loss Account | | | 3,089,690 | | 2,770,448 |
| SHAREHOLDERS' FUNDS | | | 5,837,343 | | 5,426,365 |

Principal Development Co (Inverness) Limited
Balance Sheet (continued)
As at 31 March 2019

For the year ending 31 March 2019 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit in accordance with section 476 of the Companies Act 2006.
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.
- These accounts have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.
- The company has taken advantage of section 444(1) of the Companies Act 2006 and opted not to deliver to the registrar a copy of the company's Profit and Loss Account.

On behalf of the board

Mr Brian Rizza

20/12/2019

The notes on pages 3 to 8 form part of these financial statements.

Principal Development Co (Inverness) Limited
Notes to the Financial Statements
For The Year Ended 31 March 2019

1. Accounting Policies

1.1. Basis of Preparation of Financial Statements

The financial statements are prepared under the historical cost convention and in accordance with the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to investment properties at fair value. The principal accounting policies adopted are set out below.

1.2. Going Concern Disclosure

The financial statements have been prepared on a going concern basis. Net liabilities as at 31 March 2019 are £76,160 (2018 - £194,665). With the continuing support of the company's bank, the directors have a reasonable expectation that the company will continue in operation and existence for the foreseeable future.

1.3. Turnover

Turnover represents rentals receivable net of VAT and is recognised on an accruals basis.

1.4. Tangible Fixed Assets and Depreciation

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided at rates calculated to write off the cost of the fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

| | |
|---------------------------|----------------------------|
| Assets under construction | Nil |
| Leasehold Improvements | Over the term of the lease |
| Plant & Machinery | 15% straight line |
| Motor Vehicles | 25% reducing balance |
| Fixtures & Fittings | 15% straight line |

Although the Companies Act 2006 would normally require the systematic annual depreciation of fixed assets, the director believes that the policy of not providing depreciation on the investment properties is necessary in order for the accounts to give a true and fair view, since the current market value of the investment properties and changes to that value, are of prime importance rather than a calculation of systematic annual depreciation. Depreciation is only one of the factors reflected in the annual valuation, and the amount which might otherwise have been included cannot be separately identified or quantified.

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

1.5. Investment Properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in the profit and loss account.

Principal Development Co (Inverness) Limited
Notes to the Financial Statements (continued)
For The Year Ended 31 March 2019

1.6. Stocks and Work in Progress

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stock to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stock over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7. Financial Instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled.

Basic financial liabilities

Basic financial liabilities, which include creditors and bank loans are initially recognised at transaction price and are subsequently carried at amortised cost, using the effective interest method. Financial liabilities classified as payable within one year are not amortised.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.8. Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Principal Development Co (Inverness) Limited
Notes to the Financial Statements (continued)
For The Year Ended 31 March 2019

1.9. Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash at bank. Bank overdrafts are shown within borrowings in current liabilities.

1.10. Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

2. Average Number of Employees

Average number of employees, including directors, during the year was 2 (2018 - 2).

3. Tangible Assets

| | Land & Property | | |
|----------------------------|--------------------------------------|----------------------------------|----------------|
| | Assets under construction | Plant & Machinery | Total |
| | £ | £ | £ |
| Cost | | | |
| As at 1 April 2018 | 737,988 | 38,398 | 776,386 |
| Additions | - | 1,698 | 1,698 |
| Disposals | (115,948) | - | (115,948) |
| As at 31 March 2019 | <u>622,040</u> | <u>40,096</u> | <u>662,136</u> |
| Depreciation | | | |
| As at 1 April 2018 | 70,808 | 30,303 | 101,111 |
| Provided during the period | 3,200 | 2,286 | 5,486 |
| As at 31 March 2019 | <u>74,008</u> | <u>32,589</u> | <u>106,597</u> |
| Net Book Value | | | |
| As at 31 March 2019 | <u>548,032</u> | <u>7,507</u> | <u>555,539</u> |
| As at 1 April 2018 | <u>667,180</u> | <u>8,095</u> | <u>675,275</u> |

Principal Development Co (Inverness) Limited
Notes to the Financial Statements (continued)
For The Year Ended 31 March 2019

4. Investment properties

| | Other £ |
|-----------------------|--------------------|
| Cost | |
| As at 1 April 2018 | 8,272,737 |
| Additions | 115,948 |
| Revaluations | 91,736 |
| As at 31 March 2019 | <u>8,480,421</u> |
| Provision | |
| As at 1 April 2018 | - |
| As at 31 March 2019 | <u>-</u> |
| Net Book Value | |
| As at 31 March 2019 | <u>8,480,421</u> |
| As at 1 April 2018 | <u>8,272,737</u> |

The investment properties are assessed on an open market value basis. The directors have taken into consideration the valuations conducted by Graham and Sibbald, Chartered Surveyors, dated 25 April 2017.

5. Debtors

| | 2019 £ | 2018 £ |
|-----------------------------|-------------------|-------------------|
| Due within one year | | |
| Trade debtors | 64,696 | 52,280 |
| Corporation tax recoverable | 78,399 | 68,153 |
| Directors' loan accounts | <u>270,730</u> | <u>239,202</u> |
| | <u>413,825</u> | <u>359,635</u> |

Principal Development Co (Inverness) Limited
Notes to the Financial Statements (continued)
For The Year Ended 31 March 2019

6. Creditors: Amounts Falling Due Within One Year

| | 2019 | 2018 |
|---------------------------------|----------------|----------------|
| | £ | £ |
| Trade creditors | 3,450 | (2,692) |
| Bank loans and overdrafts | 242,689 | 297,852 |
| Corporation tax | 85,091 | 93,823 |
| Other taxes and social security | 996 | - |
| VAT | 28,944 | 27,188 |
| Other creditors | 260 | - |
| Accruals and deferred income | 128,555 | 146,129 |
| | <u>489,985</u> | <u>562,300</u> |

The bank loans and overdraft are secured by a standard bond and floating charge, a personal guarantee of £400,000 from director B Rizza and the investment properties held by the company.

7. Creditors: Amounts Falling Due After More Than One Year

| | 2019 | 2018 |
|------------|------------------|------------------|
| | £ | £ |
| Bank loans | <u>2,743,970</u> | <u>2,949,120</u> |
| | <u>2,743,970</u> | <u>2,949,120</u> |

The bank loans and overdraft are secured by a standard bond and floating charge, a personal guarantee of £400,000 from director B Rizza and the investment properties held by the company.

Amounts included above which fall due after 5 years are as follows:

| | 2019 | 2018 |
|---------------------------|-------------|-------------|
| | £ | £ |
| Bank loans and overdrafts | 1,894,304 | 2,121,516 |

8. Share Capital

| | 2019 | 2018 |
|------------------------------------|---------------|---------------|
| Allotted, Called up and fully paid | <u>40,812</u> | <u>40,812</u> |

40,812 Ordinary shares of £1 each

9. Directors Advances, Credits and Guarantees

Included within Debtors are the following loans to directors:

| | As at 1 April 2018 | Amounts advanced | Amounts repaid | Amounts written off | As at 31 March 2019 |
|----------------|-------------------------------|-----------------------------|---------------------------|--------------------------------|--------------------------------|
| | £ | £ | £ | £ | £ |
| Mr Brian Rizza | <u>239,202</u> | <u>74,413</u> | <u>42,885</u> | <u>-</u> | <u>270,730</u> |

The above loan is unsecured, interest free and has no fixed repayment terms.

Principal Development Co (Inverness) Limited
Notes to the Financial Statements (continued)
For The Year Ended 31 March 2019

10. Operating lease commitments

Lessor

At the reporting end date the company had contracted with tenants for the following minimum lease payments £3,376,105 (2018 - £3,787,980)

11. General Information

Principal Development Co (Inverness) Limited is a private company, limited by shares, incorporated in Scotland, registered number SC156154. The registered office is Alton House, 4 Ballifeary Road, Inverness, IV3 5PJ.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.