

COMPANY REGISTRATION NUMBER: 00501492

CONERVON PROPERTIES LIMITED
UNAUDITED FINANCIAL STATEMENTS
31 MARCH 2017



CONERVON PROPERTIES LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

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CONERVON PROPERTIES LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2017

The directors present their report and the unaudited financial statements of the company for the year ended 31 March 2017.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is property investment in residential properties in the UK. From time to time the company undertakes new developments and also the redevelopment of its existing properties. The company's business model is generally to hold its properties for the long term in order to generate rental income and capital appreciation. However, each of the company's investment properties is considered to be potentially for sale in the right circumstances. There has been no significant change in the nature of the company's business activities during the year under review, nor is any envisaged in the immediate future.

DIRECTORS

The directors who served the company during the year were as follows:

Mr B S E Freshwater

Mr D Davis

The Articles of Association of the company do not require the directors to retire by rotation. Neither director has a service contract with the company.

The majority of the day-to-day management of the company's properties and its operations is carried out by Freshwater Property Management Limited and Highdorn Co. Limited. Mr BSE Freshwater is a director of, but has no beneficial interest in the share capital of either of these companies.

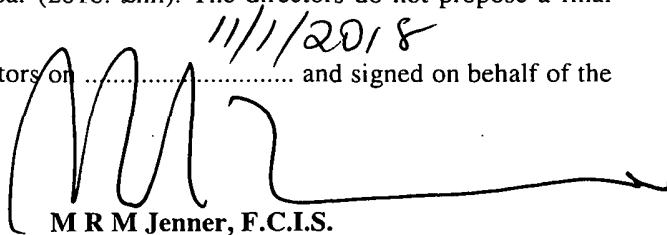
Mr BSE Freshwater and Mr D Davis are also Governors of the parent undertaking of Freshwater Property Management Limited, but have no beneficial interest in that company.

RESULTS AND DIVIDENDS

The results for the year are set out in the attached profit and loss account and explanatory notes. The financial position of the company at the year end is set out in the attached balance sheet and explanatory notes.

The company did not pay a dividend in the year (2016: £nil). The directors do not propose a final dividend for the year (2016: £nil).

This report was approved by the board of directors on and signed on behalf of the board by:

11/1/2018


M R M Jenner, F.C.I.S.
Company Secretary

CONERVON PROPERTIES LIMITED
PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME
YEAR ENDED 31 MARCH 2017

| | Note | 2017 £ | 2016 £ |
|---|----------|----------------------|----------------------|
| TURNOVER | 4 | 151 | 151 |
| Cost of sales | | <u>(12,856)</u> | <u>(9,340)</u> |
| GROSS LOSS | | (12,705) | (9,189) |
| Administrative expenses | | <u>(3,867)</u> | <u>(5,884)</u> |
| Net valuation gains on investment property | | <u>78,000</u> | <u>51,000</u> |
| OPERATING PROFIT | | 61,428 | 35,927 |
| Interest payable | 6 | <u>(500)</u> | <u>(501)</u> |
| PROFIT BEFORE TAXATION | | 60,928 | 35,426 |
| Tax on profit | 7 | <u>8</u> | <u>16,548</u> |
| PROFIT FOR THE FINANCIAL YEAR AND TOTAL COMPREHENSIVE INCOME | | <u>60,936</u> | <u>51,974</u> |

All the activities of the company are from continuing operations.

The notes on pages 5 to 13 form part of these financial statements.

CONERVON PROPERTIES LIMITED

BALANCE SHEET

31 MARCH 2017

| | Note | 2017 £ | 2016 £ |
|---|------|------------------|------------------|
| FIXED ASSETS | | | |
| Investment properties | 8 | 1,406,625 | 1,328,625 |
| CURRENT ASSETS | | | |
| Debtors | 9 | 111,221 | 117,177 |
| Cash at bank and in hand | | <u>786</u> | <u>1,286</u> |
| | | 112,007 | 118,463 |
| CREDITORS: amounts falling due within one year | 10 | <u>(309,495)</u> | <u>(298,879)</u> |
| NET CURRENT LIABILITIES | | <u>(197,488)</u> | <u>(180,416)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 1,209,137 | 1,148,209 |
| PROVISIONS FOR LIABILITIES & CHARGES | 11 | <u>(238,444)</u> | <u>(238,452)</u> |
| NET ASSETS | | <u>970,693</u> | <u>909,757</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 13 | 100 | 100 |
| Profit and loss account | 14 | <u>970,593</u> | <u>909,657</u> |
| TOTAL EQUITY | | <u>970,693</u> | <u>909,757</u> |


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

For the year ending 31 March 2017 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 of its financial statements for the year in question in accordance with section 476;
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

These financial statements were approved by the board of directors and authorised for issue on and are signed on behalf of the board by:

11/1/2018


B S E Freshwater
Director

Company registration number: 00501492

The notes on pages 5 to 13 form part of these financial statements.

CONERVON PROPERTIES LIMITED
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 MARCH 2017

| | Called up share capital £ | Profit and loss account £ | Total £ |
|--|---------------------------------|---------------------------------|-----------------------|
| AT 1 APRIL 2015 | 100 | 857,683 | 857,783 |
| Profit for the year | — | 51,974 | 51,974 |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | — | 51,974 | 51,974 |
| AT 31 MARCH 2016 | 100 | 909,657 | 909,757 |
| Profit for the year | — | 60,936 | 60,936 |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | — | 60,936 | 60,936 |
| AT 31 MARCH 2017 | <u>100</u> | <u>970,593</u> | <u>970,693</u> |

The balance on the profit and loss account at 31 March 2017 includes £1,165,613 of unrealised profits which are not available for distribution.

The notes on pages 5 to 13 form part of these financial statements.

CONERVON PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

1. GENERAL INFORMATION

Conervon Properties Limited (the "Company") is a company limited by shares and incorporated in the UK. The Company's Registered Office is Freshwater House, 158-162 Shaftesbury Avenue, London WC2H 8HR. The presentation currency of these financial statements is sterling.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared under the historical cost convention except that investment property is measured at fair value.

The financial statements have been prepared on a going concern basis, notwithstanding the company's net current liabilities as at 31 March 2017, since the directors have received an assurance from a connected company, Highdorn Co. Limited, that it will continue to provide such cash resources as are required by the company for at least 12 months from the date of approval of these financial statements.

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

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 19.

Disclosure exemptions

In these financial statements, the company is considered to be a small company (for the purposes of FRS 102) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to the end of the period;
- Cash Flow Statement and related notes;
- Key Management Personnel compensation; and
- Basic and Other Financial Instruments.

CONERVON PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 MARCH 2017

3. ACCOUNTING POLICIES *(continued)*

Turnover

Turnover comprises rents and service charges receivable. Rental income from investment property leased out under operating leases is recognised in the profit and loss account on a straight line basis over the period to the first break clause. Lease incentives granted to tenants are recognised on a straight line basis over the period to the first break clause. Service charge income is recognised as the services are provided.

Property outgoings

The costs of repairs are recognised in the profit and loss account in the year in which they are incurred.

Lease payments under operating leases are recognised in the profit and loss account on a straight line basis over the term of the lease.

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 expected tax payable or receivable on the taxable income or loss for the year, using 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: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. 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.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax.

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 investment property that is measured at fair value, deferred tax is provided at the rate and allowances applicable to the sale of the property.

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.

CONERVON PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 MARCH 2017

3. ACCOUNTING POLICIES *(continued)*

Investment properties

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

- 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 the profit and loss account in the period that they arise; and
- No depreciation is provided in respect of investment properties applying the fair value model.

Investment property fair value is based on a valuation by an external, independent valuer, having an appropriate recognised professional qualification and recent experience in the location and class of property being valued. Any gain or loss arising from a change in fair value is recognised in the profit and loss account.

Disposals of properties

The company generally holds its properties for the long term in order to generate rental income and capital appreciation although in the right circumstances any property could be available for sale. When an outright sale does occur the resulting surplus based on the excess of sales proceeds over valuation is included within the company's profit on ordinary activities, and taxation applicable thereto is shown as part of the taxation charge. Disposals are recognised on the date the significant risks and rewards of ownership have been transferred. In addition the company also 'sells' leasehold extensions when requested by leaseholders. The proceeds of these leasehold extension sales, less directly applicable costs, are also included in profit on disposal of investment properties.

Financial instruments

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

CONERVON PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31 MARCH 2017

3. ACCOUNTING POLICIES *(continued)*

Financial instruments *(Continued)*

Basic financial instruments

Trade and other debtors

Trade and other debtors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. 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 for a similar debt instrument.

Trade and other creditors

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. 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 for a similar debt instrument.

Income and expenses

Interest receivable and Interest payable:

Interest income and interest payable are recognised in the profit and loss account as they accrue, using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or redevelopment of an asset that takes a substantial time to be prepared for use are expensed as incurred.

4. TURNOVER

Turnover arises from:

| | 2017 | 2016 |
|-----------------|-------------------|-------------------|
| | £ | £ |
| Rent receivable | <u>151</u> | <u>151</u> |

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

5. PARTICULARS OF EMPLOYEES

No salaries or wages have been paid to employees including the directors during the year (2016: £Nil).

6. INTEREST PAYABLE

| | 2017 | 2016 |
|--|-------------------|-------------------|
| | £ | £ |
| Interest on banks loans and overdrafts | <u>500</u> | <u>501</u> |

CONERVON PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31 MARCH 2017

7. TAX ON PROFIT

Major components of tax income

| | 2017 £ | 2016 £ |
|--|-----------------|-----------------|
| Deferred tax: | | |
| Origination and reversal of timing differences | 13,239 | 8,952 |
| Impact of change in tax rate | <u>(13,247)</u> | <u>(25,500)</u> |
| Total deferred tax | <u>(8)</u> | <u>(16,548)</u> |
| Tax on profit | <u>(8)</u> | <u>(16,548)</u> |

All tax is recognised in the profit and loss account.

Reconciliation of tax income

The tax assessed on the profit on ordinary activities for the year is lower than (2016: lower than) the standard rate of corporation tax in the UK of 20% (2016: 20%).

| | 2017 £ | 2016 £ |
|--|-----------------|-----------------|
| Profit on ordinary activities before taxation | <u>60,928</u> | <u>35,426</u> |
| Profit on ordinary activities by rate of tax | 12,186 | 7,085 |
| Effect of expenses not deductible for tax purposes | 161 | 180 |
| Unutilised losses carried forward | 3,253 | 2,935 |
| Impact of change in tax rate | <u>(13,247)</u> | <u>(25,500)</u> |
| Timing differences on unrealised gains | <u>(2,361)</u> | <u>(1,248)</u> |
| Tax on profit | <u>(8)</u> | <u>(16,548)</u> |

Factors that may affect future tax income

A reduction in the UK corporation tax rate to 19% (effective from 1 April 2017) was substantively enacted on 18 November 2015. A further reduction in the UK corporation tax rate to 17% (effective from 1 April 2020) was substantively enacted on 15 September 2016. This will reduce the Company's future tax charge accordingly.

The deferred tax liability at 31 March 2017 has been calculated based on the rate of 17% (2016: 18%).

CONERVON PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 MARCH 2017

8. INVESTMENT PROPERTIES

| | Freehold property £ |
|-------------------------|---------------------------|
| Fair Value | |
| At 1 April 2016 | 1,328,625 |
| Revaluations | 78,000 |
| At 31 March 2017 | 1,406,625 |
| Carrying amount | |
| At 31 March 2017 | 1,406,625 |
| At 31 March 2016 | 1,328,625 |

Investment properties held at valuation

An independent professional revaluation of the Company's property was carried out at 31 March 2017 by Colliers International Property Advisers UK LLP, RICS Registered Valuers. The revaluation figures are based on open market value assessed in accordance with the RICS Valuation - Professional Standards (2015).

Valuation techniques and key inputs

The company's residential apartments and houses (£1.4 million, 2016: £1.3 million) were valued using a sales valuation approach, derived from recent comparable transactions in the market, adjusted by applying discounts to reflect status of occupation and condition. The largest discounts were applied to those properties subject to registered tenancies, reflecting the relative difference in security of tenure, whilst the smallest discounts were applied to those properties subject to assured shorthold tenancies. Sales value assumptions were in the range £557 to £764 per square foot (2016: £553 to £765).

Historical cost model

The historical cost of investment properties at 31 March 2017 is £2,568 (2016: £2,568).

9. DEBTORS

| | 2017 £ | 2016 £ |
|---------------|----------------|----------------|
| Trade debtors | 2 | 76 |
| Other debtors | 111,219 | 117,101 |
| | 111,221 | 117,177 |

All debtors are payable within one year or are payable on demand.

Other debtors include £54,725 (2016: £54,725) due from the estate of a former director and £54,725 (2016: £54,725) due from the estate of his widow. The amounts are interest-free sterling loans repayable on demand.

CONERVON PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 MARCH 2017

10. CREDITORS: amounts falling due within one year

| | 2017 | 2016 |
|-----------------|----------------|----------------|
| | £ | £ |
| Trade creditors | 219 | 211 |
| Other creditors | 309,276 | 298,668 |
| | <u>309,495</u> | <u>298,879</u> |

Other creditors include a management balance of £210,196 (2016: £199,472) and accrued interest of £95,300 (2016: £95,300) due to Highdorn Co. Limited (see note 17). These amounts are interest-free sterling loans repayable on demand.

11. PROVISIONS FOR LIABILITIES & CHARGES

| | Deferred tax (note 12) £ |
|---------------------|--------------------------------|
| At 1 April 2016 | 238,452 |
| Credit for the year | (8) |
| At 31 March 2017 | <u>238,444</u> |

12. DEFERRED TAX

The deferred tax included in the balance sheet is as follows:

| | 2017 | 2016 |
|--|----------------|----------------|
| | £ | £ |
| Included in provisions for liabilities & charges (note 11) | <u>238,444</u> | <u>238,452</u> |

The deferred tax account consists of the tax effect of timing differences in respect of:

| | 2017 | 2016 |
|--------------------------------------|----------------|----------------|
| | £ | £ |
| Revaluation of investment properties | <u>238,444</u> | <u>238,452</u> |

13. CALLED UP SHARE CAPITAL

Issued, called up and fully paid

| | 2017 | | 2016 | |
|----------------------------|------------|------------|------------|------------|
| | No. | £ | No. | £ |
| Ordinary shares of £1 each | <u>100</u> | <u>100</u> | <u>100</u> | <u>100</u> |

14. CAPITAL AND RESERVES

Called-up share capital represents the nominal value of shares that have been issued.

Profit and loss account includes all current and prior period retained profits and losses.

CONERVON PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31 MARCH 2017

15. COMMITMENTS UNDER OPERATING LEASES

As lessor

The total future minimum lease payments receivable under non-cancellable operating leases are as follows:

| | 2017 | 2016 |
|--|---------------|---------------|
| | £ | £ |
| Not later than 1 year | 150 | 150 |
| Later than 1 year and not later than 5 years | 600 | 600 |
| Later than 5 years | <u>13,377</u> | <u>13,526</u> |
| | <u>14,127</u> | <u>14,276</u> |

16. CHARGES ON ASSETS AND GUARANTEES

The Company has charged one of its investment properties with a market value of £2,625 (2016: £2,625) as part security for bank overdraft facilities made available to the Company, which at 31 March 2017 amounted to £nil (2016: £nil).

17. DIRECTORS' INTEREST IN CONTRACTS

The majority of the day-to-day management of the company's property and its operations is carried out by Freshwater Property Management Limited ("FPM") and Highdorn Co. Limited ("Highdorn"). Mr BSE Freshwater is a director of, but has no beneficial interest in the share capital of either FPM or Highdorn.

Mr BSE Freshwater and Mr D Davis are also Governors of the parent undertaking of FPM, but have no beneficial interest in that company.

In their capacity as property managing agents, FPM and Highdorn collect rents and incur direct property expenses on behalf of the company. During the year £29 (2016: £16), including VAT, was payable to FPM and £900 (2016: £900), including VAT, was payable to Highdorn for these services which were charged for at normal commercial rates.

The amount owing to FPM at 31 March 2017 for these services is £nil (2016: £nil) and in the case of Highdorn it is £900 (2016: £900).

18. CONTROLLING PARTY

The company is controlled by the estate of the mother of Mr B S E Freshwater.

CONERVON PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31 MARCH 2017

19. ACCOUNTING ESTIMATES AND JUDGEMENTS

i. Property valuations

The valuation of the company's property portfolio is inherently subjective, depending on many factors, including the individual nature of each property, its location and expected future net rental values, market yields and comparable market transactions (as set out in Note 8). Therefore the valuations are subject to a degree of uncertainty and are made on the basis of assumptions which may not prove to be accurate, particularly in periods of difficult market or economic conditions. As noted in Note 3 above, all the company's properties are valued by external valuers with appropriate qualifications and experience.

ii. Trade debtors

Management uses details of the age of trade debtors and the status of any disputes together with external evidence of the credit status of the counterparty in making judgements concerning any need to impair the carrying values.

CONERVON PROPERTIES LIMITED
MANAGEMENT INFORMATION
YEAR ENDED 31 MARCH 2017

The following pages do not form part of the financial statements.

CONERVON PROPERTIES LIMITED
DETAILED PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE
INCOME
YEAR ENDED 31 MARCH 2017

| | 2017 £ | 2016 £ |
|--|-----------------|----------------|
| TURNOVER | 151 | 151 |
| COST OF SALES | | |
| General and water rates | (6,971) | (5,869) |
| Insurance | (1,434) | (2,264) |
| Repairs and maintenance | (50) | (1,018) |
| Legal and professional | (4,224) | – |
| Light and heat | (148) | (143) |
| Porterage and cleaning | – | (30) |
| Management commission | (29) | (16) |
| | <u>(12,856)</u> | <u>(9,340)</u> |
| GROSS LOSS | (12,705) | (9,189) |
| OVERHEADS | | |
| Administrative expenses | (3,867) | (5,884) |
| OTHER OPERATING INCOME | | |
| Net valuation gains on investment property | 78,000 | 51,000 |
| | <u>61,428</u> | <u>35,927</u> |
| OPERATING PROFIT | | |
| Interest payable | (500) | (501) |
| | <u>60,928</u> | <u>35,426</u> |
| PROFIT BEFORE TAXATION | | |

CONERVON PROPERTIES LIMITED

**NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT AND OTHER
COMPREHENSIVE INCOME**

YEAR ENDED 31 MARCH 2017

| | 2017 | 2016 |
|--------------------------------|----------------|----------------|
| | £ | £ |
| ADMINISTRATIVE EXPENSES | | |
| Sundry expenses | (35) | (35) |
| General expenses | (13) | (1,168) |
| Management charges payable | (900) | (900) |
| Legal and professional fees | (120) | – |
| Other professional fees | – | (900) |
| Accountancy fees | <u>(2,799)</u> | <u>(2,881)</u> |
| | <u>(3,867)</u> | <u>(5,884)</u> |
| INTEREST PAYABLE | | |
| Bank interest payable | <u>(500)</u> | <u>(501)</u> |