Fernturn Holdings Limited

Unaudited Financial Statements

Year Ended

30 June 2020

Company Number 00679117

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Fernturn Holdings Limited

Chartered Accountant's Report to the Board of Directors on the preparation of the unaudited financial statements of Fernturn Holdings Limited for the year ended 30 June 2020

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Fernturn Holdings Limited for the year ended 30 June 2020 which comprise the statement of financial position, the statement of changes in equity and the related notes from the company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at https://www.icaew.com/regulation/a-z.

It is your duty to ensure that Fernturn Holdings Limited has kept adequate accounting records and to prepare statutory accounts that give a true and fair view of the assets, liabilities, financial position and loss of Fernturn Holdings Limited. You consider that Fernturn Holdings Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of Fernturn Holdings Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory accounts.

Use of our report

This report is made solely to the board of directors of Fernturn Holdings Limited, as a body, in accordance with the terms of our engagement letter dated 11 January 2021. Our work has been undertaken solely to prepare for your approval the accounts of Fernturn Holdings Limited and state those matters that we have agreed to state to the board of directors of Fernturn Holdings Limited, as a body, in this report in accordance with ICAEW Technical Release TECH07/16AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Fernturn Holdings Limited and its board of directors as a body for our work or for this report.

BDO LLP

BDO LLP
Chartered Accountants
Bristol
United Kingdom

Date: 23 June 2021

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

Fernturn Holdings Limited
Registered number:00679117

Statement of Financial Position
As at 30 June 2020

	Note	2020 £000	2020 £000	2019 £000	2019 £000
Fixed assets					
Investment property	5		3,370		3,370
			3,370		3,370
Current assets					
Debtors: amounts falling due within one year	6	146		109	
Cash at bank and in hand	7	358		372	
		504		481	
Creditors: amounts falling due within one year	8	(25)		(15)	
Net current assets			479		466
Total assets less current liabilities			3,849		3,836
Provisions for liabilities					
Deferred tax	9	(107)		(112)	
			(107)		(112)
Pension asset	12		4,609		4,720
Net assets			8,351		8,444
Capital and reserves					
Called up share capital	10		41		41
Capital redemption reserve	11		28		28
Profit and loss account	11		8,282		8,375
			8,351		8,444

Fernturn Holdings Limited
Registered number:00679117

Statement of Financial Position (continued)
As at 30 June 2020

The directors consider that the company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The company has opted not to file the profit and loss account in accordance with provisions applicable to companies subject to the small companies' regime.

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

18 June 2021

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I J Webb
Director

The notes on pages 5 to 15 form part of these financial statements.

Fernturn Holdings Limited

Statement of Changes in Equity
For the Year Ended 30 June 2020

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 July 2019	41	28	8,375	8,444
Comprehensive income for the year				
Loss for the year	-	-	(35)	(35)
Actuarial losses on pension scheme	-	-	(71)	(71)
Deferred tax movements	-	-	13	13
Total comprehensive income for the year	-	-	(93)	(93)
At 30 June 2020	41	28	8,282	8,351

The notes on pages 5 to 15 form part of these financial statements.

Statement of Changes in Equity
For the Year Ended 30 June 2019

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 July 2018	41	28	8,215	8,284
Comprehensive income for the year				
Profit for the year	-	-	364	364
Actuarial gains on pension scheme	-	-	138	138
Deferred tax movements	-	-	(342)	(342)
Total comprehensive income for the year	-	-	160	160
At 30 June 2019	41	28	8,375	8,444

The notes on pages 5 to 15 form part of these financial statements.

1. General information

Fernturn Holdings Limited is a private company limited by shares incorporated in England and Wales under the Companies Act 2006. The address of the registered office is 1 Redcliff Street, Bristol, BS1 6TP. The company's principal activity is property investment.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The accounts are prepared in rounded thousands.

The preparation of financial statements in compliance with FRS 102 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 Going concern

The director have considered the basis of preparation of the financial statements of the company on a going concern basis.

On 4 July 2013, the company completed a scheme of arrangement with all creditors relating to its previous trade. As part of the process, the company's defined benefit pension scheme was granted security over the freehold investment property owned by Fernturn Holdings Limited. At present, the majority of the freehold building is leased to third parties and the directors have agreed with the trustees of the defined benefit pension scheme that the business will pass surplus rental income, net of expenses, to the pension scheme. The directors believe that continuing on this basis will enable the company to continue to meet its obligations to the scheme.

The directors of the Company are currently assessing the impact of COVID-19. The situation is continually evolving and it is not possible at this stage to determine with any certainty the long term impact on the company. The directors believe that it is appropriate to prepare the accounts on a going concern basis.

2.3 Revenue

Revenue, which relates to the rental income from the company's investment property, is recognised in a straight line over the period of the lease.

2.4 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2. Accounting policies (continued)

2.5 Pensions

The company sponsors a defined benefit pension scheme, the Wilts Wholesale Electrical Company Limited Retirement Benefits Scheme. The level of benefits provided by the scheme depends on the member's length of service and their salary at the date of leaving the scheme. The scheme was closed to future accrual in 2006. The last funding valuation of the scheme as carried out by a qualified actuary as at 5 April 2017. In the intervening years, the actuary reviews the valuation taking account of experience over the period, changes in market conditions and differences in financial and demographic assumptions. The present value of the defined benefit obligation was measured using the projected unit credit method.

Defined benefit pension plan

A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The asset recognised in the statement of financial position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the statement of financial position date less the fair value of plan assets at the statement of financial position date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

a) the increase in net pension benefit liability arising from employee service during the period; and

b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost/income is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost/income is recognised in profit or loss as a 'finance expense/income".

2. Accounting policies (continued)

2.6 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge 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.

2.7 Investment property

Investment property is carried at fair value determined annually by the directors having taken appropriate professional advice. No depreciation is provided. Changes in fair value are recognised in the statement of comprehensive income.

2.8 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.

2.9 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.

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.11 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the company becomes aware of the obligation, and are measured at the best estimate at the statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the statement of financial position.

2. Accounting policies (continued)

2.12 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

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

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

In preparing these financial statements, the directors have had to make the following judgements:

Determine the appropriate valuation of the company's investment property. This involves an inevitable degree of judgement as value can only be reliably tested in the market itself.

Other key sources of estimation uncertainty:

Volatility of results - under FRS 102 pension accounting results can change dramatically depending on market conditions. The defined benefit obligation is linked to yields on AA -rated corporate bonds, while a significant proportion of the assets of the fund are invested in equities and diversified growth funds. Changing markets in conjunction with discount rate volatility will lead to volatility in the funded status of the pension plan and thus to volatility in the net pension asset on the company's statement of financial position and in other comprehensive income.

4. Employees

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

	2020 No.	2019 No.
Directors	**2**	2

5. Investment property

	Freehold investment property £000
Valuation	
At 1 July 2019	**3,370**
At 30 June 2020	**3,370**

The 2020 valuation was made by the directors based on the 2019 professional valuation by ETP Property Consultants & Chartered Surveyors on an open market value for existing use basis. The directors consider that this valuation is appropriate as at the year ended 30 June 2020.

6. Debtors

	2020 £000	2019 £000
Trade debtors	**1**	-
Other debtors	**145**	109
	146	109

7. Cash and cash equivalents

	2020 £000	2019 £000
Cash at bank and in hand	**358**	372
	358	372

8. Creditors: Amounts falling due within one year

	2020 £000	2019 £000
Other taxation and social security	**13**	1
Other creditors	**12**	14
	25	15

9. Deferred taxation

	2020 £000
At beginning of year	**(112)**
Credited to the profit and loss account	**(8)**
Charged to other comprehensive income	**13**
At end of year	**(107)**

The deferred taxation asset/(liability) is made up as follows:

	2020 £000	2019 £000
Short term timing differences	**(877)**	(803)
Tax losses carried forward	**770**	691
	(107)	(112)

The deferred taxation balance is made up of a tax liability of £875,710 in respect of the pension scheme and a tax asset of £770,171 in respect of management expenses carried forward.

10. Share capital

	2020 £000	2019 £000
Allotted, called up and fully paid		
40,765 (2019 - 40,765) ordinary shares of £1.00 each	**41**	41

11. Reserves

The company's capital and reserves are as follows:

Called up share capital

Called up share capital represents the nominal value of the shares issued.

Capital redemption reserve

The capital redemption reserve is a non-distributable reserve created on the purchase of the company's own shares.

Profit and loss account

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

12. Pension commitments

The company operates a Defined Benefit Pension Scheme.

The pension cost for the year ended 30 June 2020 is based on the advice of a professionally qualified actuary. The most recent formal actuarial valuation was at 5 April 2017.

Reconciliation of present value of plan liabilities:

	2020 £000	2019 £000
Reconciliation of present value of plan liabilities		
At the beginning of the year	**18,727**	16,780
Interest cost	**434**	471
Actuarial losses	**2,704**	1,598
Benefits paid	**(514)**	(489)
Past service cost including curtailments	**-**	367
At the end of the year	**21,351**	18,727

Reconciliation of present value of plan assets:

	2020 £000	2019 £000
At the beginning of the year	**23,447**	21,743
Interest income	**546**	613
Actuarial gains	**2,633**	1,736
Contributions	**160**	53
Benefits paid	**(514)**	(489)
Expenses	**(312)**	(209)
At the end of the year	**25,960**	23,447

12. Pension commitments (continued)

Composition of plan assets:

	2020 £000	2019 £000
Equities	**7,341**	6,745
Diversified growth funds	**7,550**	6,513
Liability driven investments	**10,808**	10,135
Cash	**261**	54
Total plan assets	**25,960**	23,447

	2020 £000	2019 £000
Fair value of plan assets	**25,960**	23,447
Present value of plan liabilities	**(21,351)**	(18,727)
Net pension scheme asset	**4,609**	4,720

The amounts recognised in the income statement are as follows:

	2020 £000	2019 £000
Expenses	**312**	209
Interest on net defined benefit asset	**(112)**	(142)
Past service cost including curtailments	**-**	367
Total	**200**	434

12. Pension commitments (continued)

	2020 £000	2019 £000
Analysis of actuarial loss recognised in Other Comprehensive Income		
Asset gains arising during the year	**2,633**	1,736
Experience losses arising on the scheme liabilities	**(2,704)**	(1,598)
	(71)	138

Principal actuarial assumptions at the Statement of Financial Position date (expressed as weighted averages):

	2020 %	2019 %
Discount rate	**1.60**	2.35
Future pension increases to April 2005	**2.20**	2.20
Future pension increase post 5 April 2005	**1.85**	1.85
RPI inflation	**2.85**	3.20

- Life expectancy for a male aged 65 now	**21.9 years**	21.9 years
- Life expectancy at 65 for a male aged 45 now	**23.3 years**	23.6 years
- Life expectancy for a female aged 65 now	**24.3 years**	24.3 years
- Life expectancy at 65 for a female member aged 45 now	**25.8 years**	26.1 years

13. Related party transactions

During the year £12,000 (2019 - £12,000) was paid to WayPoint Change LLP in respect of services provided by Nick Winks and Andy Pearson, who are partners of that firm. Nick Winks and Andy Pearson previously held senior management positions within Fernturn Holdings Limited. At the statement of financial position date £Nil (2019 - £2,000) was due to WayPoint Change LLP.

During the year £19,724 (2019 - £Nil) was paid to RP Ovens Limited in respect of services provided by R Ovens, who is a director of that firm. Ruth Ovens is a director of Ferntum Holdings Limited and this amount does not include fees payable in respect of her services to Fernturn Holdings Limited as a director. At the statement of financial position date £Nil (2019 - £Nil) was due to RP Ovens Limited.

During the year £14,949 (2019 - £14,500) was paid to IWFD Limited in respect of services provided by Ian Webb, who is a director of that firm. Ian Webb is a director of Fernturn Holdings Limited and this amount does not include fees payable in respect of his services to Fernturn Holdings Limited as a director. At the statement of financial position date £Nil (2019 - £Nil) was due to IWFD Limited.

Ian Webb is also a Director of Banner Limited. During the year £162,590 (2019 - £162,590) was received from Banner Limited in respect of rent. At the statement of financial postion date £Nil (2019 - £Nil) was due from Banner Limited.