

DENCORA SECURITIES LIMITED

UNAUDITED

**DIRECTORS' REPORT AND
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
31 OCTOBER 2017**



Chartered Accountants and
Chartered Tax Advisers
Statutory Auditors

DENCORA SECURITIES LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 OCTOBER 2017**

The directors present their report and the financial statements for the year ended 31 October 2017.

Principal activities

The principal activities of the company in the year under review continued to be that of investment in commercial properties for letting and development and dealing in commercial property.


Directors

The directors who served during the year were:

D J Williams MRICS
M J Rickards FRICS

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

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



X

M J Rickards FRICS
Director

Date: 30 July 2018

DENCORA SECURITIES LIMITED
REGISTERED NUMBER: 01109003

BALANCE SHEET
AS AT 31 OCTOBER 2017

	Note	2017 £	2016 £
Fixed assets			
Investment property	4	3,620,000	3,400,000
Current assets			
Debtors: amounts falling due within one year	5	13,842,734	13,810,994
Cash at bank and in hand		239,291	411,706
		<u>14,082,025</u>	<u>14,222,700</u>
Creditors: amounts falling due within one year	6	(15,187,563)	(15,629,108)
Net current liabilities		<u>(1,105,538)</u>	<u>(1,406,408)</u>
Total assets less current liabilities		<u>2,514,462</u>	<u>1,993,592</u>
Creditors: amounts falling due after more than one year	7	(73,000)	(73,000)
Provisions for liabilities			
Deferred tax	8	(120,194)	(89,264)
		<u>(120,194)</u>	<u>(89,264)</u>
Net assets		<u><u>2,321,268</u></u>	<u><u>1,831,328</u></u>
Capital and reserves			
Called up share capital	9	5,000	5,000
Revaluation reserve	10	1,157,819	911,429
Profit and loss account	10	1,158,449	914,899
		<u><u>2,321,268</u></u>	<u><u>1,831,328</u></u>

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 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.

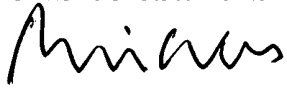
The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

DENCORA SECURITIES LIMITED
REGISTERED NUMBER: 01109003

BALANCE SHEET (CONTINUED)
AS AT 31 OCTOBER 2017

The Company has opted not to file the statement of comprehensive income 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 by:



X **M J Rickards FRICS**
Director

X Date: 30 July 2018

The notes on pages 5 to 10 form part of these financial statements.

DENCORA SECURITIES LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 OCTOBER 2017**

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 November 2016	5,000	911,429	914,899	1,831,328
Profit for the year	-	-	489,940	489,940
Transfer net gain on investment properties to revaluation reserve	-	-	(246,390)	(246,390)
Transfer net gain on investment properties from profit & loss reserve	-	246,390	-	246,390
At 31 October 2017	<u>5,000</u>	<u>1,157,819</u>	<u>1,158,449</u>	<u>2,321,268</u>

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 OCTOBER 2016**

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 November 2015	5,000	4,877	1,285,181	1,295,058
Profit for the year	-	-	1,536,270	1,536,270
Transfer net gain on investment properties to revaluation reserve	-	-	(906,552)	(906,552)
Dividends: Equity capital	-	-	(1,000,000)	(1,000,000)
Transfer net gain on investment properties from profit & loss reserve	-	906,552	-	906,552
At 31 October 2016	<u>5,000</u>	<u>911,429</u>	<u>914,899</u>	<u>1,831,328</u>

DENCORA SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2017

1. General information

Dencora Securities Limited is a private company, limited by shares, and incorporated in England and Wales, registered number 01109003. The registered office is: Suite 1, Silwood Business Centre, Silwood Park, Buckhurst Road, Ascot, Berkshire, SL5 7PW.

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.

These financial statements for the year ended 31 October 2017 are the first financial statements that comply with FR102 Section 1A small entities. The date of transition is 1 November 2015.

These financial statements are presented in sterling, which is the functional currency of the company and rounded to the nearest £.

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared on a going concern basis because the company continues to meet its obligations as and when they arise and the amounts owed to Group companies will not be called upon to the detriment of the company continuing to be a going concern.

2.3 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.

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Rental income and rent are recognised on an accrual basis.

Sales of investment properties are recognised on date of completion.

2.4 Investment property

Investment property is carried at fair value determined annually by a director and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the statement of comprehensive income.

2.5 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.

DENCORA SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2017

2. Accounting policies (continued)

2.6 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.

2.7 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, and loans from and 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 financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

2.8 Creditors

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

2.9 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.10 Interest income

Interest income is recognised in the statement of comprehensive income using the effective interest method.

DENCORA SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2017

2. Accounting policies (continued)

2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, 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 balance sheet 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 balance sheet 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. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.12 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

3. Employees

The average monthly number of employees, including directors, during the year was 2 (2016 - 2).

4. Investment property

	Freehold investment property £
Valuation	
At 1 November 2016	3,400,000
Disposals	(57,320)
Surplus on revaluation	277,320
At 31 October 2017	3,620,000

The 2017 valuations were made by D J Williams MRICS, a director of the company, on an open market value for existing use basis.

5. Debtors

DENCORA SECURITIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2017**

	2017 £	2016 £
Trade debtors	11,775	14,130
Amounts owed by group undertakings	13,780,669	13,780,669
Other debtors	11,854	4,473
Prepayments and accrued income	38,436	11,722
	<u>13,842,734</u>	<u>13,810,994</u>

6. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	4,886	1,927
Amounts owed to group undertakings	15,072,416	15,276,544
Corporation tax	26,001	147,744
Other taxation and social security	-	119,849
Other creditors	51,158	53,087
Accruals and deferred income	33,102	29,957
	<u>15,187,563</u>	<u>15,629,108</u>

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

	2017 £	2016 £
Share capital treated as debt	<u>73,000</u>	<u>73,000</u>

8. Deferred taxation

	2017 £	2016 £
At beginning of year	89,264	89,264
Charged to profit or loss	30,930	-
At end of year	<u>120,194</u>	<u>89,264</u>

The provision for deferred taxation is made up as follows:

	2017 £	2016 £
Tax on potential gains on investment properties	<u>120,194</u>	<u>89,264</u>

DENCORA SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2017

9. Share capital

	2017 £	2016 £
Shares classified as equity		
Allotted, called up and fully paid		
5,000 A Ordinary shares of £1 each	5,000	5,000
	<hr/>	<hr/>
	2017 £	2016 £
Shares classified as debt		
Allotted, called up and fully paid		
73,000 B Ordinary shares of £1 each	73,000	73,000
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10. Reserves

Revaluation reserve

The revaluation reserve is the amount from the revaluation of investment properties to fair value, which is offset by the estimated deferred tax charge on the gain on sale of the property.

Profit and loss account

The profit and loss account represents cumulative profits and losses, net of dividends and all adjustments.

11. Contingent liabilities

In May 2017 the company entered into a bank loan jointly with a fellow subsidiary. All the cash out flows are from the joint borrower and therefore the bank loan is included on the balance sheet of the fellow subsidiary. The value of the loan as at 31 October 2017 amounted to £11,264,250. This will fall due and liable on Dencora Securities Limited if the fellow subsidiary is unable to meet the financial repayments.

The bank has a fixed and floating charge over the assets of the company.

12. Related party transactions

The company has taken advantage of the exemption in Section 33 of FRS 102 from disclosing transactions with other members of the group.

DENCORA SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2017

13. First time adoption of FRS 102

The Company transitioned to FRS 102 from previously extant UK GAAP as at 1 November 2015. The impact of the transition to FRS 102 is as follows:

Reconciliation of equity at 1 November 2015

	£
Equity at 1 November 2015 under previous UK GAAP	1,295,058
Equity shareholders funds at 1 November 2015 under FRS 102	1,295,058

Reconciliation of equity at 31 October 2016

	£
Equity at 31 October 2016 under previous UK GAAP	1,920,592
Deferred tax on revaluation gain on investment property	(89,264)
Equity shareholders funds at 31 October 2016 under FRS 102	1,831,328

Reconciliation of profit and loss account for the year ended 31 October 2016

	£
Profit for the year under previous UK GAAP	629,293
Deferred tax on revaluation gain on investment property	(89,264)
Fair value increase in investment property value	996,241
Profit for the year ended 31 October 2016 under FRS 102	1,536,270

The following were changes in accounting policies arising from the transition to FRS 102:

- 1 Deferred tax is provided for to account for the potential tax charge on the taxable increase in value of the investment properties. The deferred tax liability introduced was £89,264. Increases in fair value under FRS102 are accounted for in the profit and loss account and not a direct transfer to the revaluation reserve. The fair value movement on investment property values in 2016 was £996,241.