

**PARHAM INVESTMENT LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS YEAR ENDED 31
DECEMBER 2018**

Edwards & Keeping

Chartered Accountants

PARHAM INVESTMENT LIMITED

CONTENTS

Company Information	<u>1</u>
Balance Sheet	<u>2</u>
Notes to the Financial Statements	<u>3 to 9</u>

PARHAM INVESTMENT LIMITED

COMPANY INFORMATION

Directors Mrs L H Catford
Mr E Q Drax
Mr J R Drax
Mr P S Dove

Company secretary Mr J R Drax

Registered office Unity Chambers
34 High East Street
Dorchester
Dorset
DT1 1HA

Auditors Edwards & Keeping
Chartered Accountants
Unity Chambers
34 High East Street
Dorchester
Dorset
DT1 1HA

PARHAM INVESTMENT LIMITED

(REGISTRATION NUMBER: 02383522)
BALANCE SHEET AS AT 31 DECEMBER 2018

	Note	2018		2017	
		£	£	£	£
Fixed assets					
Investment property	<u>4</u>		66,660,000		74,485,000
Investments			<u>70</u>		<u>70</u>
			66,660,070		74,485,070
Current assets					
Debtors	<u>6</u>	15,769,335		6,885,382	
Cash at bank and in hand		<u>1,373</u>		<u>-</u>	
		15,770,708		6,885,382	
Creditors: Amounts falling due within one year	<u>7</u>	<u>(22,731,871)</u>		<u>(23,483,886)</u>	
Net current liabilities			<u>(6,961,163)</u>		<u>(16,598,504)</u>
Total assets less current liabilities			59,698,907		57,886,566
Provisions for liabilities			<u>(1,873,783)</u>		<u>(2,431,000)</u>
Net assets			<u>57,825,124</u>		<u>55,455,566</u>
Capital and reserves					
Called up share capital		15,000,000		15,000,000	
Revaluation reserve		22,574,438		25,781,383	
Profit and loss account		<u>20,250,686</u>		<u>14,674,183</u>	
Total equity			<u>57,825,124</u>		<u>55,455,566</u>

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

These financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime and the option not to file the Profit and Loss Account has been taken.

Approved and authorised by the Board on 30 September 2019 and signed on its behalf by:

Mrs L H Catford
Director

PARHAM INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

Unity Chambers
34 High East Street
Dorchester
Dorset
DT1 1HA

The principal place of business is:

36 St James's Street
London
SW1A 1JD

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Audit report

The Independent Auditor's Report was unqualified. The name of the Senior Statutory Auditor who signed the audit report on 30 September 2019 was Howard Jones BA (Hons) FCCA, who signed for and on behalf of Edwards & Keeping.

Exemption from preparing group accounts

The company has taken advantage of the exemption in section 398 of the Companies Act 2006 from the requirement to prepare consolidated financial statements, on the grounds that it is a small sized group.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for rents receivable on properties held as investment properties in the ordinary course of the Company's activities. Turnover is shown net of sales/value added tax, rebates and discounts and after eliminating sales within the company.

The Company recognises revenue when:

The amount of revenue can be reliably measured;

it is probable that future economic benefits will flow to the entity;

and specific criteria have been met for each of the Company's activities.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

PARHAM INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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 taxable income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

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

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Investment property

Investment property is carried at fair value, derived from the current market prices for comparable real estate determined annually by external valuers. The valuers use observable market prices, adjusted if necessary for any difference in the nature, location or condition of the specific asset. Changes in fair value are recognised in profit or loss.

Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the Group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

PARHAM INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

3 Profit before tax

Disclosed separately on the profit and loss is nil (2017 - £605,000) relating to valuation adjustments on the investment properties and £729,707 (2017 - £685,915) relating to the disposal of investment property.

Audit fees of £7,000 in relation to the audit of this company are met by the parent.

PARHAM INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

4 Investment properties

	2018 £
At 1 January	74,485,000
Disposals	<u>(7,825,000)</u>
At 31 December	<u><u>66,660,000</u></u>

The investment properties class of fixed assets was revalued on 20 September 2017 by Colliers International Valuation UK LLP who are external to the company. The basis of this valuation was market value. This class of assets has a current market value of £66,660,000 (2017 - £74,485,000).

As at 31 December 2018 the directors do not consider the value of any investment properties to have decreased below the valuations previously carried out by Colliers International on 20 September 2017 and those values remain unchanged at 31 December 2018.

Impairment of investment property

The amount of impairment loss included in profit or loss is £Nil (2017 - £605,000).

5 Investments

	2018 £	2017 £
Investments in subsidiaries	<u>70</u>	<u>70</u>
Subsidiaries		£
Cost or valuation		
At 1 January 2018		<u>70</u>
Provision		
Carrying amount		
At 31 December 2018		<u><u>70</u></u>
At 31 December 2017		<u><u>70</u></u>

Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2018	2017
Subsidiary undertakings				
The Royce Trading Estate and Management Company Limited		Ordinary	70%	70%

England & Wales

PARHAM INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

The principal activity of The Royce Trading Estate and Management Company Limited is to manage the amenity premises on the Royce Trading Estate. The company is a not for profit mutual trading company. Its financial period end is 31 March.

The profit for the financial period of The Royce Trading Estate and Management Company Limited was £- and the aggregate amount of capital and reserves at the end of the period was £(70).

6 Debtors

	Note	2018 £	2017 £
Amounts owed by group undertakings and undertakings in which the company has a participating interest	<u>10</u>	13,575,419	6,775,419
Other debtors		2,193,916	109,963
		<u>15,769,335</u>	<u>6,885,382</u>

7 Creditors

Creditors: amounts falling due within one year

	Note	2018 £	2017 £
Due within one year			
Amounts owed to group undertakings and undertakings in which the company has a participating interest	<u>10</u>	21,407,000	22,018,556
Accruals and deferred income		1,313,804	1,465,330
Other creditors		11,067	-
		<u>22,731,871</u>	<u>23,483,886</u>

8 Share capital

Allotted, called up and fully paid shares

	2018		2017	
	No.	£	No.	£
Ordinary shares of £1 each	15,000,000	15,000,000	15,000,000	15,000,000
		<u>15,000,000</u>		<u>15,000,000</u>

9 Financial commitments, guarantees and contingencies

Amounts not provided for in the balance sheet

The total amount of guarantees not included in the balance sheet is £34,967,000 (2017 - £35,967,000). The group has a bank loan facility; the loan capital is secured on the investment and development properties held within the group and the investment in shares of the subsidiary companies held by Parham Holdings Limited.

PARHAM INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

10 Related party transactions

Summary of transactions with parent

Parham Holdings Limited - 100% parent company

Inter company loan account

Balance is repayable on demand

All transactions of the company are made via the parent company and transferred to the subsidiary via an inter-company loan account transfer. The parent has also recharged interest charges of £828,514 and management charges of £2,169,581 to this company.

Summary of transactions with entities with joint control or significant interest

Cording Real Estate Group

Cording Property Management LLP

Mr P S Dove (Director) is also a director / member of these entities

All transactions are made on normal commercial terms

Summary of transactions with subsidiaries

Parham Development Limited - a fellow 100% subsidiary of Parham Holdings Limited

Inter-company loan account

Transfer of property

Balance is repayable on demand

Income and receivables from related parties

2018

Sale of property or other assets

Subsidiary
£

6,800,000

Expenditure with and payables to related parties

2018

2017

Rendering of services

Entities with
joint control or
significant
influence

£

2,855

Loans to related parties

2018

At start of period

Advanced

At end of period

Subsidiary
£

6,775,419

6,800,000

13,575,419

2017

At start of period

Advanced

At end of period

Subsidiary
£

775,419

6,000,000

6,775,419

PARHAM INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Loans from related parties

	Parent £
2018	
At start of period	22,018,556
Repaid	(1,440,070)
Interest transactions	<u>828,514</u>
At end of period	<u><u>21,407,000</u></u>
2017	
At start of period	24,619,687
Repaid	(3,746,684)
Interest transactions	<u>1,145,553</u>
At end of period	<u><u>22,018,556</u></u>

Terms of loans from related parties

Inter-company loans are repayable on demand

11 Parent and ultimate parent undertaking

100% subsidiary

The company's immediate parent is Parham Holdings Limited, incorporated in England and Wales. The immediate parent company is exempt from preparing consolidated group accounts as the group is small.

The ultimate parent is Beaulieu Property Management Limited, incorporated in England and Wales. The ultimate parent company is exempt from preparing consolidated group accounts as the group is small.

The most senior parent entity producing publicly available financial statements is Beaulieu Property Management Limited. These financial statements are available upon request from Companies House

The ultimate controlling party is Mr J R Drax (Director).

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.