

COMPANY REGISTRATION NUMBER: 02565357

**Daejan (Brighton) Limited**

**Financial Statements**

**31 March 2020**



# **Daejan (Brighton) Limited**

## **Financial Statements**

**Year ended 31 March 2020**

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# **Daejan (Brighton) Limited**

## **Directors' Report**

### **Year ended 31 March 2020**

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The directors present their report and the financial statements of the Company for the year ended 31 March 2020.

#### **Principal activities and business review**

The principal activity of the Company is property investment in commercial, industrial and residential properties in the UK. From time to time the Company undertakes new developments and also the redevelopment of 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. During the year, the Company sold its investment property to a fellow subsidiary and has as such ceased its principal activity. It is likely that the Company will remain dormant for the immediate future.

#### **Directors**

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

D Davis  
B S E Freshwater

The Articles of Association of the Company do not require the directors to retire by rotation.

The directors do not have service contracts.

The majority of the day-to-day management of the Company's properties and its operations are carried out by Highdon Co. Limited. Mr B S E Freshwater is a director of, but has no beneficial interest in the share capital of, Highdon Co. Limited.

#### **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 end of the year is set out in the attached balance sheet and explanatory notes.

The Company did not pay a dividend in the year (2019: £nil). The directors do not propose a final dividend for the year (2019: £nil).

#### **Going concern**

The Directors have also considered the impact of the Covid-19 global pandemic, which has resulted in unprecedented risks and significant levels of volatility on the macro economy and the particular market that the company and the Daejan Holdings Limited group operates in. The directors have considered the impact on the group, as explained in note 3.

# Daejan (Brighton) Limited

## Directors' Report *(continued)*

**Year ended 31 March 2020**

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### Directors' responsibilities statement

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

# Daejan (Brighton) Limited

## Directors' Report *(continued)*

Year ended 31 March 2020

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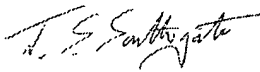
### Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

This report was approved by the board of directors on 18 March 2021 and signed on behalf of the board by:



J S Southgate  
Company Secretary

Registered office:  
Freshwater House  
158-162 Shaftesbury Avenue  
London  
WC2H 8HR

# **Daejan (Brighton) Limited**

## **Independent Auditor's Report to the Members of Daejan (Brighton) Limited**

**Year ended 31 March 2020**

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### **Opinion**

We have audited the financial statements of Daejan (Brighton) Limited ("the Company") for the year ended 31 March 2020 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and the related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate bases for our opinion.

### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

# **Daejan (Brighton) Limited**

## **Independent Auditor's Report to the Members of Daejan (Brighton) Limited** *(continued)*

**Year ended 31 March 2020**

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### **Directors' report**

The Directors are responsible for the Directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and the returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 2, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

# **Daejan (Brighton) Limited**

## **Independent Auditor's Report to the Members of Daejan (Brighton) Limited** *(continued)*

**Year ended 31 March 2020**

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### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities)

### **The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the Company's member, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member as a body, for our audit work, for this report, or for the opinions we have formed.



Richard Kelly (Senior Statutory Auditor)

For and on behalf of  
KPMG LLP  
Chartered accountants & statutory auditor  
15 Canada Square  
London  
E14 5GL

30 March 2021



## Daejan (Brighton) Limited

### Profit and Loss Account and Other Comprehensive Income

Year ended 31 March 2020

	Note	2020 £	2019 £
Turnover	4	164,886	530,644
Property outgoings		(80,811)	(282,400)
Gross profit		84,075	248,244
Administrative expenses		(47,778)	(9,853)
Net valuation loss on investment property		—	(2,571,149)
Profit on disposal of investment property		624,974	—
Operating profit/(loss)	5	661,271	(2,332,758)
Interest receivable and similar income	6	10	10
Interest payable and similar expenses	7	(436,000)	(574,000)
Profit/(loss) before taxation		225,281	(2,906,748)
Tax on profit/(loss)	9	38,288	63,287
Profit/(loss) for the financial year and total comprehensive income		263,569	(2,843,461)

All the activities of the Company are from continuing operations.

The notes on pages 10 to 19 form part of these financial statements.

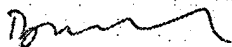
# Daejan (Brighton) Limited

## Balance Sheet

31 March 2020

	Note	2020 £	£	2019 £	£
<b>Fixed assets</b>					
Investment property	10		–		23,227,500
<b>Current assets</b>					
Debtors	11	95,387		393,237	
<b>Creditors: amounts falling due within one year</b>	12	<u>(501,740)</u>		<u>(24,337,055)</u>	
<b>Net current liabilities</b>			<u>(406,353)</u>		<u>(23,943,818)</u>
<b>Total assets less current liabilities</b>			<u>(406,353)</u>		<u>(716,318)</u>
<b>Provisions for liabilities and charges</b>					
Deferred tax liabilities	13		<u>(252,757)</u>		<u>(206,361)</u>
<b>Net liabilities</b>			<u>(659,110)</u>		<u>(922,679)</u>
<b>Capital and reserves</b>					
Called up share capital	15		1,000		1,000
Profit and loss account	16		<u>(660,110)</u>		<u>(923,679)</u>
<b>Shareholder deficit</b>			<u>(659,110)</u>		<u>(922,679)</u>

These financial statements were approved by the board of directors and authorised for issue on 18 March 2021, and are signed on behalf of the board by:



B S E Freshwater  
Director

Company registration number: 02565357

The notes on pages 10 to 19 form part of these financial statements.

# **Daejan (Brighton) Limited**

## **Statement of Changes in Equity**

**Year ended 31 March 2020**

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	Called up share capital £	Profit and loss account £	Total £
<b>At 1 April 2018</b>	1,000	1,919,782	1,920,782
Loss for the year		(2,843,461)	(2,843,461)
<b>Total comprehensive income for the year</b>	–	(2,843,461)	(2,843,461)
<b>At 31 March 2019</b>	1,000	(923,679)	(922,679)
Profit for the year		263,569	263,569
<b>Total comprehensive income for the year</b>	–	263,569	263,569
<b>At 31 March 2020</b>	<u>1,000</u>	<u>(660,110)</u>	<u>(659,110)</u>

The notes on pages 10 to 19 form part of these financial statements.

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# **Daejan (Brighton) Limited**

## **Notes to the Financial Statements**

**Year ended 31 March 2020**

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### **1. General information**

The Company is a company limited by shares, registered in England and Wales. The address of the registered office is Freshwater House, 158-162 Shaftesbury Avenue, London, WC2H 8HR.

### **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.

The financial statements have been prepared under the going concern basis which the directors consider to be appropriate for the following reasons:

At the balance sheet date, the Company is in a net liability position. The ultimate parent company, Daejan Holdings Limited (formerly Daejan Holdings PLC) has indicated their willingness to make available financing to enable the Company to meet its working capital requirements for at least twelve months from the date of approval of the financial statements. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The outbreak of the Covid-19 pandemic in the first six months of 2020 and the associated lockdown has had a negative impact on the macro economy and the particular market that the Company and the Daejan Holdings Limited group ("the Group") operates in. The directors have placed a particular focus on the Group's going concern assessment and have considered the principal risks to the Group.

The directors have prepared the cash flow forecasts of the Group for at least twelve months from the date of approval of the financial statements. In this forecast, the directors have taken account of the implications of Covid-19 which would impact the cash inflows and outflows. The directors have modelled a severe but plausible downside scenario in respect of the Group's cash flows and considered the likelihood of the Group's loan covenants being breached in the coming 12 months and remedy packages in the event that these covenants are breached. The result of this forecast indicates that in this scenario the Group cash needs are still within the available financial resources.

# Daejan (Brighton) Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 March 2020

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### 3. Accounting policies *(continued)*

The directors have considered the ability and intent of the parent company to provide continuous financial support and concluded that the parent company has the ability and intention to provide the necessary financial support for a period of at least twelve months from the date of approval of the financial statements should it be required. Based on the above, and having taken into account the risks and uncertainties, including the impact of Covid-19 that exist within the business, the directors have concluded that the Company has adequate financial resources to continue in operational existence for the foreseeable future. Accordingly, the directors have concluded that it is appropriate to continue to adopt the going concern basis in preparing these financial statements and that there is no material uncertainty to this position, as the directors have a reasonable expectation that the Group has adequate resources under all plausible circumstance to continue in operational existence for the foreseeable future by meeting its liabilities and commitments as they fall due.

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

#### Disclosure exemptions

The Company's ultimate parent undertaking, Daejan Holdings Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Daejan Holdings Limited are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from Freshwater House, 158-162 Shaftesbury Avenue, London WC2H 8HR. In these financial statements, the company is considered to be a qualifying entity (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 end of the period;
- Cash Flow Statement and related notes;
- Key Management Personnel compensation; and
- Basic and other financial instruments.

# **Daejan (Brighton) Limited**

## **Notes to the Financial Statements** *(continued)*

**Year ended 31 March 2020**

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### **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 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.

#### **Interest receivable and Interest payable**

Interest payable and similar expenses include interest payable, finance expenses on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method and the unwinding of the discount on provisions. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use are expensed as incurred.

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit and loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

# Daejan (Brighton) Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 March 2020

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### 3. Accounting policies *(continued)*

#### 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 the equity or 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 adjustments to tax payable in respect of previous years.

Provision is made for consideration payable to or receivable from other group undertakings for the surrender of losses under group relief provisions.

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 expenses 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.

#### Investment property

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:

a) 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

b) 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.

# **Daejan (Brighton) Limited**

## **Notes to the Financial Statements** *(continued)*

**Year ended 31 March 2020**

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### **Sale of investment 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 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.

#### **Basic financial instruments**

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits.

##### *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.

#### **Related party transactions**

The Company has taken advantage of the exemptions in FRS 102 in order to dispense with the requirements to disclose transactions with other companies in the Daejan Holdings Limited group.



# Daejan (Brighton) Limited

## Notes to the Financial Statements *(continued)*

**Year ended 31 March 2020**

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### 4. Turnover

Turnover arises from:

	2020	2019
	£	£
Rents receivable	<u>164,886</u>	<u>530,644</u>

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

### 5. Operating profit

Operating profit or loss is stated after charging:

	2020	2019
	£	£
Fees payable for the audit of the financial statements	<u>8,400</u>	<u>8,040</u>

Amounts receivable by the Company's auditor in respect of services to the Company, other than for the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's ultimate parent undertaking, Daejan Holdings Limited.

### 6. Interest receivable and similar income

	2020	2019
	£	£
Interest on cash and cash equivalents	<u>10</u>	<u>10</u>

### 7. Interest payable and similar expenses

	2020	2019
	£	£
Interest due to group undertakings	<u>436,000</u>	<u>574,000</u>

### 8. Particulars of employees

None of the directors received remuneration in respect of their services to the Company (2019: £nil).

The staff provided by the property and administrative management company, Highdorn Co. Limited, are engaged under joint employment contracts with a fellow subsidiary of the Company and their costs subsequently recharged to the Company at a level appropriate to the activity of the Company. No recharges were made during the year (2019: £nil).

# Daejan (Brighton) Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 March 2020

### 9. Tax on profit/(loss)

#### Major components of tax income

	2020 £	2019 £
<b>Current tax:</b>		
UK current tax income	(75,942)	(73,805)
Adjustments in respect of prior periods	(8,742)	(6,352)
Total current tax	<u>(84,684)</u>	<u>(80,157)</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	13,855	8,984
Impact of change in tax rate	24,278	–
Adjustments in respect of prior periods	8,263	7,886
Total deferred tax	<u>46,396</u>	<u>16,870</u>
<b>Tax on profit/(loss)</b>	<u>(38,288)</u>	<u>(63,287)</u>

#### Reconciliation of tax income

The tax assessed on the profit/(loss) on ordinary activities for the year is lower than (2019: higher than) the standard rate of corporation tax in the UK of 19% (2019: 19%).

	2020 £	2019 £
Profit/(loss) on ordinary activities before taxation	<u>225,281</u>	<u>(2,906,748)</u>
Profit/(loss) on ordinary activities by rate of tax	42,803	(552,282)
Adjustment to tax charge in respect of prior periods	(479)	1,534
Effect of expenses not deductible for tax purposes	1,246	497,502
Effect of capital allowances and depreciation	–	(10,041)
Difference between chargeable gain and profit on disposal	(118,745)	–
Impact of change in tax rate	24,278	–
Other timing differences on unrealised gains	12,609	–
Tax on profit/(loss)	<u>(38,288)</u>	<u>(63,287)</u>

#### Factors that may affect future tax income

It was announced in the March 2020 Budget that the planned reduction in the UK corporation tax rate to 17%, which was to be effective from 1 April 2020, would not be implemented. This change was substantively enacted on 17 March 2020. The deferred tax liability at 31 March 2020 has been calculated based on the rate of 19% (2019: 17%).

# Daejan (Brighton) Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 March 2020

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### 10. Investment property

	Freehold property £
<b>Cost</b>	
At 1 April 2019	23,227,500
Disposals	(23,227,500)
<b>At 31 March 2020</b>	<u>–</u>
<b>Carrying amount</b>	
At 31 March 2020	<u>–</u>
At 31 March 2019	<u>23,227,500</u>

#### Investment property held at valuation

The company's only investment property was sold during the year.

#### Valuation techniques and key inputs

The company's property (£nil (2019: £23.2 million)) was valued using the income capitalisation method, requiring the application of an appropriate market based yield to net operating income. Adjustments are made to allow for voids when less than five years are left under the current tenancy and to reflect market rent at the point of lease expiry or rent review. Equivalent yields averaged £nil (2019: £nil) with an estimated rental values of £nil per square foot (2019: £505.00).

#### Historical cost model

The historical cost of investment properties included in the above valuation is £nil (2019: £21,900,561).

### 11. Debtors

	2020 £	2019 £
Group relief receivable	75,942	228,796
Other debtors	19,445	164,441
	<u>95,387</u>	<u>393,237</u>

All debtors are payable within one year or are payable on demand. All intra-group loans are sterling loans with interest paid at the rate of 3.59% (2019: 3.65%).

# Daejan (Brighton) Limited

## Notes to the Financial Statements *(continued)*

### Year ended 31 March 2020

#### 12. Creditors: amounts falling due within one year

	2020	2019
	£	£
Rents and service charges charged and paid in advance	–	130,356
Amounts owed to group undertakings	254,793	23,309,367
Social security and other taxes	24,268	876,253
Other creditors	222,679	21,079
	<u>501,740</u>	<u>24,337,055</u>

All intra-group loans are sterling loans repayable on demand with interest paid at the rate of 3.59% (2019: 3.65%).

#### 13. Provisions for liabilities and charges

	Deferred tax (note 14) £
At 1 April 2019	206,361
Increase in provision	13,855
Effect of change in tax rate	24,278
Adjustments in respect of prior periods	8,263
At 31 March 2020	<u>252,757</u>

#### 14. Deferred tax

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

	2020	2019
	£	£
Included in provisions for liabilities and charges (note 13)	<u>252,757</u>	<u>206,361</u>

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

	2020	2019
	£	£
Accelerated capital allowances	<u>252,757</u>	<u>206,361</u>

#### 15. Called up share capital

Issued, called up and fully paid

	2020		2019	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

#### 16. Reserves

The profit and loss account reserve records retained earnings and accumulated losses.

# Daejan (Brighton) Limited

## Notes to the Financial Statements *(continued)*

### Year ended 31 March 2020

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#### 17. Operating leases

##### As lessor

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

	2020	2019
	£	£
Not later than 1 year	—	63,937

#### 18. Charges on assets

The Company's investment properties with a market value of £nil (2019: £23,227,500) at 31 March 2020 have been charged as part security for loans to group undertakings, which the Company has also guaranteed.

#### 19. Related party transactions

The majority of the day-to-day management of the Company's properties and its operations are carried out by Highdom Co. Limited ("Highdom"). Mr BSE Freshwater is a director of, but has no beneficial interest in the share capital of, Highdom.

In their capacity as property managing agents, Highdom collect rents and incur direct property expenses on behalf of the Company. During the year £40,600 (2019: £31,655) was charged by Highdom for the provision of a full range of management services, which were charged for at normal commercial rates. The credit balance outstanding in respect of these services at 31 March 2020 is £2,031 (2019: £4,928), which is included within other creditors.

#### 20. Controlling party

The Company is controlled by its immediate parent company, Daejan Investments Limited, whose registered office is Freshwater House, 158-162 Shaftesbury Avenue, London WC2H 8HR.

The Company's ultimate controlling party is its ultimate parent company, Daejan Holdings Limited (formerly Daejan Holdings PLC), which is incorporated in Great Britain and registered in England and Wales.

The largest and smallest group in which the results of the Company are consolidated is that headed by Daejan Holdings Limited. The consolidated financial statements of Daejan Holdings Limited are available to the public and may be obtained from the Daejan Holdings Limited website ([www.daejanholdings.com](http://www.daejanholdings.com)) or Freshwater House, 158-162 Shaftesbury Avenue, London WC2H 8HR. No other group financial statements include the results of the Company.