

# Middleton Enterprises Limited

Financial statements - filing pages

31 March 2019



# Middleton Enterprises Limited

## Balance sheet At 31 March 2019

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	4	541,247	28,203
Investment property	5	4,300,000	5,450,000
Investments	6	33,426,829	28,781,782
		<u>38,268,076</u>	<u>34,259,985</u>
<b>Current assets</b>			
Debtors	7	11,874,288	10,039,714
Current asset investments	8	14,130,000	-
Cash at bank		9,334,716	3,346,730
		<u>35,339,004</u>	<u>13,386,444</u>
Creditors: amounts falling due within one year	9	(53,945,047)	(31,832,592)
<b>Net current liabilities</b>		<u>(18,606,043)</u>	<u>(18,446,148)</u>
<b>Total assets less current liabilities</b>		<u>19,662,033</u>	<u>15,813,837</u>
<b>Provisions for liabilities</b>			
Deferred tax		(1,860,381)	(1,214,244)
<b>Net assets</b>		<u><u>17,801,652</u></u>	<u><u>14,599,593</u></u>
<b>Capital and reserves</b>			
Called up share capital		10,004	10,004
Revaluation reserve		483,178	-
Profit and loss account		17,308,470	14,589,589
<b>Total equity</b>		<u><u>17,801,652</u></u>	<u><u>14,599,593</u></u>

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 statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

# Middleton Enterprises Limited

## Balance sheet (continued) At 31 March 2019

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The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 October 2019.



**M D Elliot**  
Director

Company registered number: 02675276

The notes on pages 3 to 9 form part of these financial statements.

# Middleton Enterprises Limited

## Notes to the financial statements Year ended 31 March 2019

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### 1. General information

Middleton Enterprises Limited ('the company') is a private company limited by shares, incorporated and domiciled in the United Kingdom. The address of the registered office is Quayside Lofts, 62 The Close, Newcastle upon Tyne, NE1 3RJ.

#### **Statement of compliance**

The financial statements have been prepared in accordance with Section 1A of Financial Reporting Standard 102 '*The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland*' ('FRS 102') and the Companies Act 2006.

### 2. Accounting policies

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 periods presented, unless otherwise stated.

#### **2.1 Basis of preparation of financial statements**

The financial statements are prepared on a going concern basis and under the historical cost convention, as modified by periodic revaluations of tangible fixed assets, and the measurement of investment properties and certain financial assets at fair value. They are presented in pounds sterling, which is the functional currency of the company.

#### **2.2 Going concern**

The financial statements have been prepared on the going concern basis, notwithstanding net current liabilities of £18.6m at the balance sheet date. Within this is a loan of £10.3m owed to directors of the company and a balance of £33.8m owed to the company's parent. Whilst these balances are repayable on demand and therefore presented as current liabilities, the directors and the company's parent have confirmed to the company that there is no intention to seek repayment of these amounts in the foreseeable future. Therefore the directors consider it is appropriate to continue to prepare the financial statements on a going concern basis.

#### **2.3 Turnover**

Turnover comprises gross rental income receivable from tenants for rental of investment properties during the year. Turnover is recognised on a straight line basis over the term of each lease. Where payments are received from tenants in advance of the rental period the amounts are recorded as deferred income and included as part of creditors due within one year.

# Middleton Enterprises Limited

## Notes to the financial statements Year ended 31 March 2019

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### 2. Accounting policies (continued)

#### 2.4 Tangible fixed assets and depreciation

##### **Cost model**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

##### **Revaluation model**

Leasehold property and plant and machinery (aircraft) are accounted for using the revaluation model, whereby they are stated at their fair value (as determined from market-based evidence) at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date.

Revaluation gains and losses are recognised as part of other comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in the profit and loss account.

Use of the revaluation model for these assets is a change in accounting policy since the prior year. As permitted for a change from cost model to revaluation model, the prior year financial statements have not been restated.

##### **Depreciation**

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of fixed assets over their expected useful lives as follows:

Long leasehold property	-	2% straight line
Plant and machinery	-	15% straight line
Fixtures and fittings	-	15% reducing balance

Asset residual values and useful lives are reviewed at the end of each reporting period, and adjusted if appropriate. The effect of any change is accounted for prospectively.

#### 2.5 Investment property

Investment property is measured at fair value at each reporting date, with any changes in fair value recognised in the profit and loss account. Fair value is determined based on the current market rents and property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. Investment property is not depreciated.

#### 2.6 Financial instruments

##### **Basic debt financial assets and liabilities**

Basic debt financial assets and liabilities comprise cash and bank balances, bank overdrafts, trade and other debtors and creditors, including loans to or from related parties. Such assets and liabilities are all due within one year and are measured, initially and subsequently, at the undiscounted amount of cash or other consideration expected to be received or paid.

At the end of each reporting period debt financial assets are assessed for impairment, and their carrying value reduced if necessary. Any impairment charge is recognised in the profit and loss account.

# Middleton Enterprises Limited

## Notes to the financial statements Year ended 31 March 2019

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### 2. Accounting policies (continued)

#### 2.6 Financial instruments (continued)

##### *Investments*

Investments in shares which are not subsidiaries are initially measured at fair value, which is normally the transaction price (cost). Such assets are subsequently carried at fair value (and the changes in fair value are recognised in the profit and loss account), except that investments in shares that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

#### 2.7 Foreign currency transactions and balances

Transactions in foreign currencies are translated into sterling using the spot exchange rates at the dates of the transactions. At each period end, foreign currency monetary assets and liabilities are translated using the closing rate. All foreign exchange gains and losses are recognised in the profit and loss account.

#### 2.8 Employee benefits

Short-term benefits, including holiday pay and other similar non-monetary benefits are recognised as an expense in the period in which the employee's entitlement to the benefit accrues.

#### 2.9 Taxation

The taxation expense for the year comprises current and deferred tax and is recognised in the profit and loss account except to the extent that it relates to items recognised in other comprehensive income, or directly in equity, in which case the tax expense is also recognised in other comprehensive income or directly in equity.

Current tax is the amount of tax payable in respect of the taxable profit for the current or past reporting periods. It is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of current and previous periods, and arises from 'timing differences' (where transactions or events are included in the financial statements in periods different from those in which they are assessed for tax). Deferred tax is recognised in respect of all timing differences, except that 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.

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

### 3. Employees

The average monthly number of employees, including directors, during the year was 6 (2018 - 6).

# Middleton Enterprises Limited

## Notes to the financial statements Year ended 31 March 2019

### 4. Tangible fixed assets

	Long leasehold property £	Plant and machinery £	Fixtures and fittings £	Total £
<b>Cost or valuation</b>				
At 1 April 2018	90,000	225,466	109,145	424,611
Revaluations	290,000	(75,466)	-	214,534
At 31 March 2019	<u>380,000</u>	<u>150,000</u>	<u>109,145</u>	<u>639,145</u>
<b>Depreciation</b>				
At 1 April 2018	84,375	217,011	95,022	396,408
Charge for the year	5,625	8,455	2,876	16,956
On revalued assets	(90,000)	(225,466)	-	(315,466)
At 31 March 2019	<u>-</u>	<u>-</u>	<u>97,898</u>	<u>97,898</u>
<b>Net book value</b>				
At 31 March 2019	<u>380,000</u>	<u>150,000</u>	<u>11,247</u>	<u>541,247</u>
At 31 March 2018	<u>5,625</u>	<u>8,455</u>	<u>14,123</u>	<u>28,203</u>

The company's long-leasehold property was revalued to £380,000 on 31 March 2019, based on the directors' assessment of its fair value (market value). The historical cost of the property lease was £90,000, and under the cost model would be stated at £nil (fully depreciated) as at the balance sheet date.

The company's plant and machinery asset (an aircraft) was revalued to £150,000 on 31 March 2019, based on the directors' assessment of its fair value (market value). The historical cost of the aircraft was £225,466, and under the cost model it would be stated at £nil (fully depreciated) as at the balance sheet date.

# Middleton Enterprises Limited

## Notes to the financial statements Year ended 31 March 2019

### 5. Investment property

	Freehold investment property £
<b>Valuation</b>	
At 1 April 2018	5,450,000
Disposals	(730,000)
Fair value changes	(420,000)
<b>At 31 March 2019</b>	<b>4,300,000</b>

The 2019 valuations were made by the directors, on an open market value for existing use basis.

### 6. Fixed asset investments

	Listed investments £	Unlisted investments £	Total £
<b>Cost or valuation</b>			
At 1 April 2018	17,374,060	11,407,722	28,781,782
Additions	4,956,412	1,490,786	6,447,198
Disposals	(4,282,414)	(852,739)	(5,135,153)
Fair value changes	3,515,397	(182,395)	3,333,002
<b>At 31 March 2019</b>	<b>21,563,455</b>	<b>11,863,374</b>	<b>33,426,829</b>
<b>Net book value</b>			
At 31 March 2019	21,563,455	11,863,374	33,426,829
At 31 March 2018	17,374,060	11,407,722	28,781,782

Investments are measured at fair value, based on quoted market prices for listed investments, with income, gains and losses recognised in the profit and loss account.

Total income from investments during the year was £1,341,785 (2018 - £2,271,780) and the net gain from changes in their fair value was £3,333,002 (2018 - £3,494,893).



# Middleton Enterprises Limited

## Notes to the financial statements Year ended 31 March 2019

### 7. Debtors

	2019 £	2018 £
Trade debtors	44,347	27,702
Other debtors	11,629,689	9,908,316
Prepayments and accrued income	200,252	103,696
	<u>11,874,288</u>	<u>10,039,714</u>

### 8. Current asset investments

	2019 £	2018 £
Fixed term deposits	<u>14,130,000</u>	<u>-</u>

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

	2019 £	2018 £
Bank loans and overdrafts	8,768,461	9,628,516
Trade creditors	20,131	919
Amounts owed to group undertakings	33,737,486	16,415,485
Taxation and social security	14,728	54,798
Other creditors	10,871,693	5,390,301
Accruals and deferred income	532,548	342,573
	<u>53,945,047</u>	<u>31,832,592</u>

Bank loans and overdrafts are secured by way of fixed and floating charges over certain of the company's assets.

### 10. Capital commitments

At the balance sheet date, the company is committed to provide up to £2,180,204 (when called) across various investment funds.

### 11. Contingent liabilities

The company is subject to a cross guarantee of up to £3.8m (2018 - £3.8m) in relation to borrowings by related parties under a revolving credit facility to which the company is a joint borrower.

# Middleton Enterprises Limited

## Notes to the financial statements Year ended 31 March 2019

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### 12. Related party transactions

Mr J P Middleton and Mrs C Middleton, company directors, have loaned funds to the company. The amount outstanding at the balance sheet date and included within other creditors is £10,348,116 (2018 - £4,867,543). The loan is unsecured, interest-free and repayable on demand.

During the year the company's parent has advanced funding of £17,340,000. The company has repaid £18,000 and, at the balance sheet date, £33,737,486 remains outstanding (including amounts brought forward from previous years). The balance is unsecured, interest-free and repayable on demand.

At the balance sheet date, the company is owed £6,089,889 (2018 - £4,208,435) by HBB Relocation Services Limited, a company in which Mr J P Middleton is also a director. Interest accruing during the year was £279,232 (2018 - £233,555). The terms of the loan were changed during the year such that it is now interest free. The loan is unsecured and repayable on demand.

At the balance sheet date, the company is owed £45,000 (2018 - £167,783) by the Middleton Foundation, a charity in which Mr J P Middleton is a trustee. The balance (included in debtors) is interest free.

### 13. Audit information

The auditor's report on the financial statements for the year ended 31 March 2019 was unqualified.

The audit report was signed on 21 October 2019 by David Redhead (Senior Statutory Auditor) on behalf of UNW LLP.