

Company registration number 02911549 (England and Wales)

CHESTNUT DEVELOPMENT CO LIMITED
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023
PAGES FOR FILING WITH REGISTRAR

CHESTNUT DEVELOPMENT CO LIMITED

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CHESTNUT DEVELOPMENT CO LIMITED

BALANCE SHEET

AS AT 31 MARCH 2023

		2023	2022
	Notes	£	£
Fixed assets			
Investment property	4	16,523,519	13,527,087
Investments	5	402	402
		<u>16,523,921</u>	<u>13,527,489</u>
Current assets			
Stocks		22,032,508	18,277,389
Debtors	6	63,248	5,613,636
Cash at bank and in hand		10,273,405	5,007,559
		<u>32,369,161</u>	<u>28,898,584</u>
Creditors: amounts falling due within one year	7	<u>(11,451,603)</u>	<u>(25,221,478)</u>
Net current assets		<u>20,917,558</u>	<u>3,677,106</u>
Total assets less current liabilities		<u>37,441,479</u>	<u>17,204,595</u>
Creditors: amounts falling due after more than one year	8	(19,702,989)	-
Provisions for liabilities		<u>(2,446,892)</u>	<u>(1,676,835)</u>
Net assets		<u>15,291,598</u>	<u>15,527,760</u>
Capital and reserves			
Called up share capital		504	504
Profit and loss reserves	9	15,291,094	15,527,256
Total equity		<u>15,291,598</u>	<u>15,527,760</u>

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

For the financial year ended 31 March 2023 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

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 member has not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

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

CHESTNUT DEVELOPMENT CO LIMITED

BALANCE SHEET (CONTINUED)

AS AT 31 MARCH 2023

The financial statements were approved by the board of directors and authorised for issue on 4 December 2023 and are signed on its behalf by:

Nazila Blencowe
Director

Company registration number 02911549 (England and Wales)

CHESTNUT DEVELOPMENT CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

Company information

Chestnut Development Co Limited is a private company limited by shares incorporated in England and Wales. The registered office is 10 Prince Albert Street, Brighton, BN1 1HE.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, [modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value]. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 399 of the Companies Act 2006 not to prepare consolidated accounts, on the basis that the group of which this is the parent qualifies as a small group. The financial statements present information about the company as an individual entity and not about its group.

1.2 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Turnover comprises revenue recognised by the Company in respect of rental income and service charges receivable during the year. Amounts are accrued or prepaid, as appropriate, to recognise the period for which the revenue relates.

1.3 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in profit or loss.

1.4 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

CHESTNUT DEVELOPMENT CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.5 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.6 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

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 company after deducting all of its liabilities.

CHESTNUT DEVELOPMENT CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.9 Hedge accounting

The company designates certain hedging instruments, including derivatives, embedded derivatives and non-derivatives, as either fair value hedges or cash flow hedges. At the inception of the hedge relationship, the company documents the relationship between the hedging instrument and the hedged item along with risk management objectives and strategy for undertaking various hedge transactions. At the inception of the hedge and on an ongoing basis, the company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

For derivatives that are designated and qualify as cash flow hedges, the effective portion of changes in the fair value of the hedge is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Any gain or loss previously recognised in other comprehensive income is reclassified to profit or loss when the hedge relationship ends. This occurs when the hedging instrument expires or no longer meets the hedging criteria, the forecast transaction is no longer highly probable, the hedged debt instrument is derecognised, or the hedging instrument is terminated.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

CHESTNUT DEVELOPMENT CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2023 Number	2022 Number
Total	3	2
	==	==

CHESTNUT DEVELOPMENT CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

4 Investment property

	2023 £
Fair value	
At 1 April 2022	13,527,086
Additions	32,644
Intra group transfers	7,205,000
Transfer to stocks	(3,550,000)
Revaluations	(691,211)
At 31 March 2023	<u>16,523,519</u>

The valuations were made by the directors and are based upon external reports produced by CBRE Limited dated 13 October 2022. Valuations are made on a open market value basis.

If investment properties were stated on an historical cost basis rather than a fair value basis, the amounts would have been included as follows:

	2023 £	2022 £
Cost	15,711,528	12,023,884
Accumulated depreciation	-	-
Carrying amount	<u>15,711,528</u>	<u>12,023,884</u>

5 Fixed asset investments

	2023 £	2022 £
Shares in group undertakings and participating interests	<u>402</u>	<u>402</u>

6 Debtors

	2023 £	2022 £
Amounts falling due within one year:		
Trade debtors	25,523	182,075
Amounts owed by group undertakings	-	3,411,362
Other debtors	37,725	2,020,199
	<u>63,248</u>	<u>5,613,636</u>

CHESTNUT DEVELOPMENT CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

7 Creditors: amounts falling due within one year

	2023	2022
	£	£
Bank loans	200,000	22,126,500
Trade creditors	65,754	39,455
Amounts owed to group undertakings	8,324,836	-
Corporation tax	116,970	407,114
Other taxation and social security	27,022	15,837
Other creditors	2,717,021	2,632,572
	<u>11,451,603</u>	<u>25,221,478</u>

Bank borrowing is secured by way of a legal charge over the investment and stock properties owned by the company.

8 Creditors: amounts falling due after more than one year

	2023	2022
	£	£
Bank loans and overdrafts	<u>19,702,989</u>	<u>-</u>

Bank borrowing is secured by way of a legal charge over the investment and stock properties owned by the company.

9 Profit and loss reserves

As at the balance sheet date, the Fair Value Reserve stands at £5,812,433 (2022 - £7,276,253). This is included within Profit & Loss Reserves but is not distributable as it is unrealised.

10 Related party transactions

CHESTNUT DEVELOPMENT CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

10 Related party transactions

(Continued)

At 31 March 2023:

The company owed a director £552,802 (2022 - £545,959).

The company had the following transactions and balances with its subsidiaries:

The Baron Homes Corporation Limited, was owed £6,371,254 (2022 - £nil) by the Company. The Baron Homes Corporation Limited owed £nil (2022 - £58,663) to the Company.

Baron Developments (Brighton) Limited owed £nil (2022 - £1081) to the Company.

Baron Developments (Brighton) Limited was owed £200 (2022 - £nil) by the Company.

Baron Management Limited owed £nil (2022 - £3,351,618) to the Company. Baron Management was owed £1,953,382 (2022- £nil) by the Company.

Investment properties totalling £7,205,000 (2022 - £nil) were transferred to the Company from Baron Management Limited.

The company had the following balances and transactions with companies with directors in common:

The company owed West Acre UK Investments Limited £1,598,110 (2022 - £1,598,110).

Blencorporation Limited owed the Company £nil (2022 - £2,000,000).

Investment property disposals totalling £nil (2022 - £545,000) relate to the transfer of properties to Lyons Corporation Limited.

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