

Company Registration No. 03199497 (England and Wales)

STERLING PROPERTY CO. LIMITED
UNAUDITED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022
PAGES FOR FILING WITH REGISTRAR

PM+M Solutions for Business LLP
Chartered Accountants
New Century House
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Challenge Way
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STERLING PROPERTY CO. LIMITED

COMPANY INFORMATION

| | | |
|--------------------------|---------------------------------|-------------------------------|
| Directors | Mr H Moser | |
| | Miss M Moser | (Appointed 29 September 2022) |
| | Mr M C Flynn | (Appointed 23 May 2023) |
| Company number | 03199497 | |
| Registered office | Sterling House | |
| | Unit G | |
| | Waterfold Business Park | |
| | Bury | |
| | BL9 7BR | |
| Accountants | PM+M Solutions for Business LLP | |
| | New Century House | |
| | Greenbank Technology Park | |
| | Challenge Way | |
| | Blackburn | |
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STERLING PROPERTY CO. LIMITED

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STERLING PROPERTY CO. LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

| | | 2022 | | 2021 | |
|--|-------|--------------------|------------------|--------------------|-------------------|
| | Notes | £ | £ | as restated | £ |
| Fixed assets | | | | | |
| Tangible assets | 3 | | 135,671 | | 143,415 |
| Investment properties | 4 | | 4,491,145 | | 10,813,182 |
| Investments | 5 | | 47,004 | | 44,504 |
| | | | <u>4,673,820</u> | | <u>11,001,101</u> |
| Current assets | | | | | |
| Debtors | 6 | 5,511,046 | | 9,976,739 | |
| Cash at bank and in hand | | 3,086,885 | | 1,767,663 | |
| | | <u>8,597,931</u> | | <u>11,744,402</u> | |
| Creditors: amounts falling due within one year | 7 | <u>(8,543,526)</u> | | <u>(6,024,446)</u> | |
| Net current assets | | | <u>54,405</u> | | <u>5,719,956</u> |
| Total assets less current liabilities | | | <u>4,728,225</u> | | <u>16,721,057</u> |
| Creditors: amounts falling due after more than one year | 8 | | - | | (34,650) |
| Provisions for liabilities | | | <u>(340,444)</u> | | <u>(949,341)</u> |
| Net assets | | | <u>4,387,781</u> | | <u>15,737,066</u> |
| Capital and reserves | | | | | |
| Called up share capital | | | 100 | | 100 |
| Revaluation reserve | | | 1,021,412 | | 3,858,731 |
| Profit and loss reserves | | | 3,366,269 | | 11,878,235 |
| Total equity | | | <u>4,387,781</u> | | <u>15,737,066</u> |

The notes on pages 4 to 9 form part of these financial statements.

STERLING PROPERTY CO. LIMITED

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2022

The directors of the company have elected not to include a copy of the income statement within the financial statements.

For the financial period ended 31 December 2022 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 period 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.

The financial statements were approved by the board of directors and authorised for issue on 20 October 2023 and are signed on its behalf by:

Mr H Moser
Director

Company Registration No. 03199497

STERLING PROPERTY CO. LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2022

| | Share capital | Revaluation reserve | Profit and loss reserves | Total |
|---|---------------|---------------------|--------------------------|--------------|
| Notes | £ | £ | £ | £ |
| As restated for the period ended 30 June 2021: | | | | |
| Balance at 1 July 2020 | 100 | 403,660 | 11,667,915 | 12,071,675 |
| Effect of change in accounting policy | - | 3,504,728 | - | 3,504,728 |
| As restated | 100 | 3,908,388 | 11,667,915 | 15,576,403 |
| Year ended 30 June 2021: | | | | |
| Profit and total comprehensive income for the year | - | - | 160,663 | 160,663 |
| Transfers | - | (49,657) | 49,657 | - |
| Balance at 30 June 2021 | 100 | 3,858,731 | 11,878,235 | 15,737,066 |
| Period ended 31 December 2022: | | | | |
| Profit and total comprehensive income for the period | - | - | 3,398,260 | 3,398,260 |
| Dividends | - | - | (14,747,545) | (14,747,545) |
| Transfers | - | (2,837,319) | 2,837,319 | - |
| Balance at 31 December 2022 | 100 | 1,021,412 | 3,366,269 | 4,387,781 |

The notes on pages 4 to 9 form part of these financial statements.

STERLING PROPERTY CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

Sterling Property Co. Limited is a private company limited by shares incorporated in England and Wales. The registered office is Sterling House, Unit G, Waterfold Business Park, Bury, BL9 7BR.

1.1 Reporting period

The reporting period is longer than one year, as such historical comparison amounts will not be entirely comparable.

In addition, the directors are of the opinion that the properties, which were previously included in stock, should have always been accounted for in accordance with the accounting policy for investment properties. These properties were acquired with the intention to develop and lease to third parties. As such, a reclassification has been made within the opening balances of the comparative period in order to correctly classify these properties and to recognise the fair value uplift through the revaluation reserve. As a result, a deferred tax movement also was required to be recognised at that date. Therefore, the comparative closing balance sheet and the results for the year have been restated.

Finally, within the comparative period, turnover of £673,790 and direct costs of £624,133 for the year ended 30 June 2021 have been reclassified to administration costs. This has had no impact on reported profit.

1.2 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 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.

1.3 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.

Turnover principally consists of rental income and fees relating to the management of real estate, which are recognised at the point at which the services are provided.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

STERLING PROPERTY CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|--------------------|----------------------|
| Computer equipment | 25% reducing balance |
| Motor vehicles | 25% reducing balance |

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Investment properties

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.

1.6 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.

1.7 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 income statement 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.

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 income statement, 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.

STERLING PROPERTY CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2022

2 Employees

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

| | 2022 Number | 2021 Number |
|-------|----------------|----------------|
| Total | 25 | 24 |

3 Tangible fixed assets

| | Computer equipment £ | Motor vehicles £ | Total £ |
|------------------------------------|----------------------------|---------------------|------------|
| Cost | | | |
| At 1 July 2021 | - | 321,520 | 321,520 |
| Additions | 3,218 | 50,454 | 53,672 |
| Disposals | - | (14,598) | (14,598) |
| At 31 December 2022 | 3,218 | 357,376 | 360,594 |
| Depreciation and impairment | | | |
| At 1 July 2021 | - | 178,105 | 178,105 |
| Depreciation charged in the period | 170 | 58,912 | 59,082 |
| Eliminated in respect of disposals | - | (12,264) | (12,264) |
| At 31 December 2022 | 170 | 224,753 | 224,923 |
| Carrying amount | | | |
| At 31 December 2022 | 3,048 | 132,623 | 135,671 |
| At 30 June 2021 | - | 143,415 | 143,415 |

4 Investment property

| | 2022 £ |
|---------------------|-------------|
| Fair value | |
| At 1 July 2021 | 10,813,182 |
| Additions | 2,170,192 |
| Disposals | (9,746,316) |
| Revaluations | 1,254,087 |
| At 31 December 2022 | 4,491,145 |

The fair value of the investment property has been arrived at on the basis of a valuation carried out on 7 July 2022 by Chartered Surveyors, who are not connected with the company. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties.

STERLING PROPERTY CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2022

4 Investment property

(Continued)

As noted in the accounting policies note, the directors are of the opinion that certain properties, previously accounted for as stock, should have always have been accounted for as investment properties. See the accounting policies note for further information.

5 Fixed asset investments

| | 2022 £ | 2021 £ |
|--|---------------|---------------|
| Shares in group undertakings and participating interests | - | 30,000 |
| Other investments other than loans | 47,004 | 14,504 |
| | <u>47,004</u> | <u>44,504</u> |

Movements in fixed asset investments

| | Shares in subsidiaries £ | Other investments £ | Total £ |
|--------------------------|--------------------------------|---------------------------|---------------|
| Cost or valuation | | | |
| At 1 July 2021 | 30,000 | 14,504 | 44,504 |
| Valuation changes | - | 32,500 | 32,500 |
| Disposals | (30,000) | - | (30,000) |
| | <u>-</u> | <u>47,004</u> | <u>47,004</u> |
| At 31 December 2022 | - | 47,004 | 47,004 |
| Carrying amount | | | |
| At 31 December 2022 | - | 47,004 | 47,004 |
| | <u>-</u> | <u>47,004</u> | <u>47,004</u> |
| At 30 June 2021 | 30,000 | 14,504 | 44,504 |
| | <u>30,000</u> | <u>14,504</u> | <u>44,504</u> |

6 Debtors

| | 2022 £ | 2021 £ |
|---|------------------|------------------|
| Amounts falling due within one year: | | |
| Trade debtors | 49,227 | 58,387 |
| Amounts owed by group undertakings | 345,188 | 7,681,742 |
| Other debtors | 5,116,631 | 2,236,610 |
| | <u>5,511,046</u> | <u>9,976,739</u> |

STERLING PROPERTY CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2022

7 Creditors: amounts falling due within one year

| | 2022 £ | 2021 £ |
|------------------------------|------------------|------------------|
| Trade creditors | 829,875 | 720,260 |
| Taxation and social security | 1,532,687 | 204,886 |
| Other creditors | 6,180,964 | 5,099,300 |
| | <u>8,543,526</u> | <u>6,024,446</u> |

8 Creditors: amounts falling due after more than one year

| | 2022 £ | 2021 £ |
|-----------------|-----------|---------------|
| Other creditors | - | 34,650 |
| | <u>-</u> | <u>34,650</u> |

9 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

| | Liabilities 2022 £ | Liabilities 2021 £ |
|---------------------------------|--------------------------|--------------------------|
| Balances: | | |
| Accelerated capital allowances | (8,151) | (3,408) |
| Capital gains | 348,595 | 952,749 |
| | <u>340,444</u> | <u>949,341</u> |
| Movements in the period: | | 2022 £ |
| Liability at 1 July 2021 | | 949,341 |
| Credit to profit or loss | | (608,897) |
| Liability at 31 December 2022 | | <u>340,444</u> |

The deferred tax liability set out above is expected to reverse in a future period and relates to accelerated capital allowances that are expected to mature within the same period.

10 Operating lease commitments

Lessee

At the period end, the company had operating lease commitments totalling £6,237.

STERLING PROPERTY CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2022

11 Related party transactions

At the period end, the company was owed £345,188 from the parent company (2021 - £7,681,742).

In the year ending 30 June 2021, other debtors included amounts due from a pension scheme of a company under the control of a director amounting to £92,292. This debtor was fully repaid in the period ending 31 December 2022.

Included in creditors are amounts owed to companies under the control of a director amounting to £36,172 (2021 - £28,716) and amounts owed to pension schemes of companies under the control of a director amounting to £2,355,172 (2021 - £1,776,709).

12 Prior period adjustment

Reconciliation of changes in equity

| | 1 July 2020 £ | 30 June 2021 £ |
|--|---------------------|----------------------|
| Adjustments to prior period | | |
| Adjustment to fair value net of deferred tax | 3,504,728 | 3,455,071 |
| Equity as previously reported | 12,071,675 | 12,281,995 |
| Equity as adjusted | <u>15,576,403</u> | <u>15,737,066</u> |

Analysis of the effect upon equity

| | | |
|---------------------|------------------|------------------|
| Revaluation reserve | <u>3,504,728</u> | <u>3,455,071</u> |
|---------------------|------------------|------------------|

Reconciliation of changes in profit for the previous financial period

| | 2021 £ |
|--|----------------|
| Adjustments to prior period | |
| Adjustment to fair value net of deferred tax | (49,657) |
| Profit as previously reported | <u>210,320</u> |
| Profit as adjusted | <u>160,663</u> |

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