

Eddisons Commercial Limited

Report and Financial Statements

Year Ended

30 April 2017

Company Number: 3280893



Eddisons Commercial Limited

Report and financial statements for the year ended 30 April 2017

Contents

Page:

1	Strategic report
3	Directors' report
4	Directors' responsibilities statement
5	Independent auditor's report
7	Income statement
8	Balance sheet
9	Statement of changes in equity
10	Notes to the financial statements

Directors

J T Pinder
R K Roe
A L Spencer

Secretary

J A Humphrey

Registered office

Toronto Square, Toronto Street, Leeds, LS1 2HJ

Company number

3280893

Auditor

BDO LLP, Leeds

Eddisons Commercial Limited

Strategic report for the year ended 30 April 2017

The directors present their strategic report together with the audited financial statements for the year ended 30 April 2017.

Review of business

Eddisons is a national firm of chartered surveyors, delivering transactional and advisory services to owners and occupiers of commercial property, investors and financial institutions, with a particular focus on insolvency related activities.

Turnover in the year was £8.3m (2016: £7.2m). Operating profit was £1.7m (2016: £0.9m). The strong revenue and profit growth from current and prior year acquisitions has been partially offset by reduced levels of insolvency-related activity in property services (as anticipated) and the prior year exit from low margin contracts.

Profit before tax was £1.7m (2016: £0.9m).

Future developments

We anticipate that any further reduction in property-related insolvency work in the new financial year will be offset by increased levels of valuation activity.

In the new financial year, we will continue to invest in the business through senior recruitment, in addition to continuing to seek acquisitions.

Key performance indicators

The performance indicators used by the company include financial indicators such as profitability, cash flow generation and working capital management.

Principal risks and uncertainties

The principal risks and uncertainties relate to the activities in subsidiaries.

Marketplace

The company operates in a highly competitive market and is reliant on the flow of new assignments. This risk is managed through a consistent effort in marketing and selling activity and maintaining strong relationships with key work providers, including banks and other financial and professional intermediaries.

Operational gearing

The business is operationally geared with a high proportion of salary and property costs, which cannot be immediately varied. Consequently, the company's profitability is liable to short-term fluctuations dependent on activity levels. This risk is managed through flexing our resource levels, where possible, to align with current and anticipated levels of activity, together with the control of other discretionary items of expenditure. A prudent level of spare capacity is retained to facilitate peaks in activity.

Reliance on key personnel

The business is dependent upon the professional development, recruitment and retention of high quality professional partners and staff. The company manages the risk of high staff turnover through attention to human resource issues and the monitoring of remuneration levels against the wider market, including long-term incentive arrangements.

Eddisons Commercial Limited

Strategic report for the year ended 30 April 2017

Legal and regulation

In the ordinary course of business, certain aspects of the company's services are opinion-based and may be subject to challenge. Where appropriate, the company will seek third-party professional corroboration. In addition, the company has appropriate professional indemnity insurance.

Approved by the directors and signed on 17 November 2017.

A handwritten signature in black ink, consisting of a stylized 'R' followed by a horizontal line.

R K Roe
Director

Eddisons Commercial Limited

Directors' report for the year ended 30 April 2017

The directors present their annual report on the affairs of the company, together with the financial statements and auditor's report, for the year ended 30 April 2017.

Financial risk management policies and future developments are discussed in the Strategic Report.

PRINCIPAL ACTIVITIES

The principal activity of the company is Chartered Surveying activities including Valuations, Agency, Property Management for commercial, industrial and residential clients along with Machinery and Business Asset Valuations and Disposals. Activities are undertaken in the UK.

There have been no changes in the company's activities in the year under review.

Details of the review of business and likely future developments of the company are shown in the Strategic report on page 1.

RESULTS AND DIVIDENDS

The income statement is set out on page 7 and shows the profit for the year ended 30 April 2017.

Ordinary dividends of £750,000 were paid during the year (2016: £1,200,000).

GOING CONCERN

After making enquiries and taking into account the current economic uncertainty, based on the assumptions outlined in note 1 to the financial statements, the directors have concluded that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

DIRECTORS

The directors who served during the year and since the year end are shown on the contents page.

AUDITOR

The directors at the date of approval of this annual report confirm that:

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP resigned as auditors of the company during the year and BDO LLP were appointed as auditors of the company by the director. BDO LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the directors and signed on 17 November 2017.



R K Roe
Director

Eddisons Commercial Limited

Directors' responsibilities statement

Directors' responsibilities

The directors are responsible for preparing the strategic report, 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 company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 of 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Eddisons Commercial Limited

Independent Auditor's Report to the members of Eddisons Commercial Limited

We have audited the financial statements of Eddisons Commercial Limited for the year ended 30 April 2017, which comprise the income statement, the balance sheet, the statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102, the financial standard applicable in the UK and Republic of Ireland.

This report is made solely to the company's members, 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 members 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 members as a body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of director and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Eddisons Commercial Limited

Independent Auditor's Report to the members of Eddisons Commercial Limited

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters where 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 returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

BDO LLP

*Mark Langford (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Leeds, United Kingdom*

23 NOVEMBER 2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Eddisons Commercial Limited

Income statement for the year ended 30 April 2017

	Notes	2017 £	2016 £
Turnover	3	8,296,762	7,228,613
Administrative expenses		(6,592,334)	(6,329,165)
Operating profit	4	1,704,428	899,448
Interest receivable and similar income		959	3,947
Profit on ordinary activities before tax		1,705,387	903,395
Taxation on profit on ordinary activities	7	(343,116)	(257,779)
Profit for the financial year		1,362,271	645,616

There were no recognised gains and losses in either year other than the profit or loss for that year shown above. Accordingly, a separate statement of comprehensive income has not been presented.

All results were derived from continuing operations

The notes on pages 10 to 17 form part of these financial statements.

Eddisons Commercial Limited

Balance sheet as at 30 April 2017

	Notes	2017 £	2016 £
Fixed assets			
Intangible assets	9	-	-
Investments in subsidiaries	10	-	-
Tangible assets	11	281,178	437,804
		<u>281,178</u>	<u>437,804</u>
Current assets			
Debtors	12	4,138,885	4,383,228
Cash at bank and in hand		1,273,085	1,679,930
		<u>5,411,970</u>	<u>6,063,158</u>
Creditors: amounts falling due within one year	13	(2,518,295)	(3,869,680)
Net current assets		<u>2,893,675</u>	<u>2,193,478</u>
Total assets less current liabilities		3,174,853	2,631,282
Creditors: amounts falling due after more than one year	14	-	(68,700)
		<u>3,174,853</u>	<u>2,562,582</u>
Capital and reserves			
Called-up share capital	16	40,000	40,000
Share premium account		99,891	99,891
Capital redemption reserve		45,000	45,000
Profit and loss account		2,989,962	2,377,691
Shareholders reserves		<u>3,174,853</u>	<u>2,562,582</u>

The notes on pages 10 to 17 form part of these financial statements.

These financial statements of Eddisons Commercial Limited, registered number 3280893, were approved and signed by the directors and authorised for issue on 17 November 2017.



R K Roe
Director

Eddisons Commercial Limited

Statement of changes in equity as at 30 April 2017

	Share capital	Share premium	Capital redemption	Profit & loss account	Total equity
	£	£	£	£	£
At 1 May 2015	40,000	99,891	45,000	2,932,075	3,116,966
Profit and other comprehensive income for the financial year	-	-	-	645,616	645,616
Dividends				(1,200,000)	(1,200,000)
At 30 April 2016	40,000	99,891	45,000	2,377,691	2,562,582
Profit and other comprehensive income for the financial year	-	-	-	1,362,271	1,362,271
Dividends	-	-	-	(750,000)	(750,000)
At 30 April 2017	40,000	99,891	45,000	2,989,863	3,174,853

The notes on pages 10 to 17 form part of these financial statements.

Eddisons Commercial Limited

Notes to the financial statements for the year ended 30 April 2017

1 Accounting policies

Eddisons Commercial Limited is a private limited company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the company's operations and its principal activities are set out in the strategic report. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies.

FRS102 exemptions

FRS 102 allows a qualifying entity certain exemptions. The company has taken advantage of the available exemptions not to disclose:

- a statement of cash flows;
- Certain financial instrument disclosures on the basis that equivalent disclosures are included in the consolidated financial statements of the group in which the Company is consolidated; and
- key management personnel compensation in total.

The company's shareholders have been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

Going concern

In preparing these financial statements the directors have considered the financial position and trading of the company, the forecast financial performance for twelve months from the date of signing these financial statements and the financial strength of the parent undertaking, Begbies Traynor Group plc.

After making these enquiries, the directors have adopted the going concern basis in preparing these financial statements.

The following principal accounting policies have been applied:

Consolidation

The company is exempt from the requirements to prepare consolidated accounts under Section 400 of the Companies Act 2006 on the basis that it is consolidated in the group accounts of Begbies Traynor Group plc. Copies of these accounts can be obtained from the registered office detailed on the contents page.

Turnover

Turnover represents sales to external customers, for services rendered within the period to which it relates and is at invoiced amounts less value added tax on sales.

Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Eddisons Commercial Limited

Notes to the financial statements for the year ended 30 April 2017 (continued)

1 Accounting policies (*continued*)

Depreciation

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives. The estimated useful lives range as follows:

Fixtures and fittings	- 25% straight line
Computer equipment	- 33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income or losses' in the statement of comprehensive income.

Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and on-demand 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 changes in value.

Trade debtors

Trade debtors are stated at amortised cost less allowances for estimated irrecoverable amounts.

Trade creditors

Trade creditors are stated at their amortised cost.

Financial liabilities and equity 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 company after deducting all of its liabilities

Pension costs

Contributions to the company's defined contribution pension scheme are charged to profit or loss in the year in which they become payable.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

Eddisons Commercial Limited

Notes to the financial statements for the year ended 30 April 2017 (continued)

1 Accounting policies (*continued*)

Current and deferred taxation

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

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's subsidiaries operate and generate taxable income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Operating leases

Operating lease rentals are charged to profit or loss on a straight-line basis over the term of the lease, even where payments are not made on such a basis. Lease incentives are spread over the period of the lease.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In the process of applying the company's accounting policies, the company is required to make certain estimates, judgements and assumptions that it believes are reasonable based upon the information available. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the periods presented.

On an ongoing basis, the company evaluates its estimates using historical experience, consultation with experts and other methods considered reasonable in the particular circumstances. Actual results may differ from the estimates, the effect of which is recognised in the period in which the facts that give rise to the revision become known.

(i) Critical judgements in applying the Company's accounting policies - the directors do not consider there to be any critical accounting judgements that must be applied.

(ii) Key accounting estimates and assumptions - the directors do not consider there to be any key accounting estimates and assumptions that require further analysis.

Eddisons Commercial Limited

Notes to the financial statements for the year ended 30 April 2017 (continued)

3 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

4 Operating profit

	2017 £	2016 £
This is arrived at after charging:		
Depreciation of tangible fixed assets	193,547	234,056
Loss on disposal of tangible fixed assets	-	84,007
Operating lease expense	438,519	363,627
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	10,000	19,000
	<u> </u>	<u> </u>

No non-audit fees were paid to the auditor during the year (2016: £nil).

5 Employees

	2017 £	2016 £
Staff costs (including directors) consist of:		
Wages and salaries	4,929,813	3,566,143
Social security costs	537,470	408,942
Pension costs	358,855	153,014
	<u>5,826,138</u>	<u>4,128,099</u>

The average number of employees (including directors) during the year was as follows:

	2017 Number	2016 Number
Fee earners	80	52
Administration	63	43
	<u>143</u>	<u>95</u>

6 Directors' remuneration

	2017 £	2016 £
Directors' emoluments	341,300	342,953
Company contributions to money purchase pension scheme	29,567	27,625
	<u>370,867</u>	<u>370,578</u>

	Number	Number
Average number of directors who are members of a defined contribution pension scheme	3	3

Eddisons Commercial Limited

Notes to the financial statements for the year ended 30 April 2017 (continued)

7 Taxation on profit on ordinary activities

	2017 £	2016 £
<i>UK corporation tax</i>		
Current tax on profits of the year	338,019	240,252
Adjustment in respect of previous periods	73,797	527
Total current tax	411,816	240,779
<i>Deferred tax</i>		
Origination and reversal of timing differences	-	(3,800)
Adjustment in respect of previous periods	(68,700)	20,800
Movement in deferred tax provision	(68,700)	17,000
Taxation on profit on ordinary activities	343,116	257,779

The tax assessed for the year is higher than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	1,705,387	903,395
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19.92% (2016 - 20%)	339,713	180,679
Effects of:		
Expenses not deductible for tax purposes	45,864	51,277
Capital allowances in excess of depreciation	-	(3,846)
Utilisation of tax losses	-	(221)
Adjustment to tax charge in respect of prior periods	5,097	21,327
Group relief received	(47,558)	-
Short term timing differences	-	(3,800)
Other timing differences	-	12,363
Total tax charge for the period	343,116	257,779

8 Dividends

	2017 £	2016 £
<i>Ordinary shares</i>		
Paid of £18.75 per share (2016: £30.00 per share)	750,000	1,200,000

Eddisons Commercial Limited

Notes to the financial statements for the year ended 30 April 2017 (continued)

9 Intangible fixed assets

Purchased
goodwill
£

Cost

At 1 May 2016 and 30 April 2017

1,191,189

Amortisation

At 1 May 2016 and 30 April 2017

(1,191,189)

Net book value

At 30 April 2017 and 30 April 2016

-

10 Fixed asset investments

Subsidiary undertakings, associated undertakings and other investments

Details of the company's subsidiary entities are set out below. The company owns 100% of the ordinary share capital in all undertakings. The registered office of all subsidiary undertakings is Toronto Square, Toronto Street, Leeds, LS1 2HJ.

Name	Country of incorporation	Nature of business
<i>Subsidiary undertakings</i>		
Philip Davies & Sons (Group) Limited	England and Wales	Dormant
Philip Davies & Sons Limited*	England and Wales	Dormant

* = indirectly held investment.

11 Tangible fixed assets

	Fixtures and Fittings £	Computer Equipment £	Total £
<i>Cost</i>			
At 1 May 2016	384,137	552,850	936,987
Additions	7,425	29,497	36,922
At 30 April 2017	391,562	582,347	973,909
<i>Depreciation</i>			
At 1 May 2016	196,565	302,619	499,184
Charge for the year	105,979	87,568	193,547
At 30 April 2017	302,544	390,187	692,731
<i>Net book value</i>			
At 30 April 2017	89,018	192,160	281,178
At 30 April 2016	187,572	250,231	437,804

Eddisons Commercial Limited

Notes to the financial statements for the year ended 30 April 2017 (continued)

12 Debtors

	2017 £	2016 £
Trade debtors	1,127,970	1,141,832
Amounts owed by group undertakings	2,414,155	2,386,432
Prepayments and accrued income	596,760	854,964
	<u>4,138,885</u>	<u>4,383,228</u>

All amounts shown under debtors fall due for payment within one year.

13 Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	310,189	678,694
Amounts owed to group undertakings	-	1,212,894
Corporation tax	455,264	125,624
Other taxation and social security	442,723	565,773
Accruals and deferred income	1,310,119	1,286,695
	<u>2,518,295</u>	<u>3,869,680</u>

All amounts shown under creditors due within one year are unsecured and repayable on demand.

14 Provisions for liabilities

	Deferred taxation £
At 1 May 2016	68,700
Credit to profit and loss	(68,700)
At 30 April 2017	<u>-</u>

15 Pensions

The company operates a defined contribution pension scheme. The pension cost for the year amounted to £358,855 (2016: £153,014). There were contributions of £31,179 (2016: £nil) outstanding at the year end.

Eddisons Commercial Limited

Notes to the financial statements for the year ended 30 April 2017 (continued)

16 Share capital

	2017 £	2016 £
<i>Allotted, called up and fully paid</i>		
40,000 Ordinary shares of £1 each	40,000	40,000

17 Guarantees and other financial commitments

Guarantees

There is an unlimited bank cross guarantee given by Eddisons Commercial Limited to cover the bank borrowings of all subsidiaries of Begbies Traynor Group plc. As at 30 April 2017, the total net indebtedness to the bank was £10,486,966 (2016: £11,798,425).

Lease commitments

Total commitments under non-cancellable operating leases are as follows:

	Land and buildings		Other	
	2017 £	2016 £	2017 £	2016 £
Not later than 1 year	175,618	152,618	163,297	84,295
Later than 1 year and not later than 5 years	818,324	776,824	196,781	69,587
Later than 5 years	200,279	411,943	-	-
Total	1,194,221	1,341,385	360,078	153,882

Capital commitments

There are no outstanding capital commitments (2016: £nil)

18 Related party disclosures

Ultimate parent undertaking and controlling party

The immediate parent undertaking is Eddisons Commercial (Holdings) Limited.

The company's ultimate parent undertaking is Begbies Traynor Group plc, a company registered in England and Wales. Copies of the parent's consolidated financial statements can be obtained from the Registrar of Companies. The smallest and largest group in which the results of the company are consolidated is that headed by Begbies Traynor Group plc.

In the opinion of the directors, Begbies Traynor Group plc is the ultimate controlling party.

Related party transactions

The Company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned as permitted by FRS 102 Section 33.