

Parabola Estates Limited

Annual report and financial statements

for the year ended 31 March 2016

Registered Number 3540618

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Parabola Estates Limited

Annual report and financial statements

for the year ended 31 March 2016

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Directors' report for the year ended 31 March 2016

The directors present their report, together with the audited financial statements, for the year ended 31 March 2016. This report has been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

Principal activities

The company's principal activity during the financial year was the holding of properties for investment purposes. The investment property was sold in December 2015.

Results and dividends

The profit for the financial year was £1,201,714 (2015: loss of £294,907). The directors have not proposed or paid a dividend.

Directors and their interests

P J Millican and O Millican served as directors throughout the year and up to the date of signing the financial statements. L Bowden resigned as a director on 7th April 2016.

Statement of directors' responsibilities

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 prepared the 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.

Disclosure of information to auditors

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

- as far as each director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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

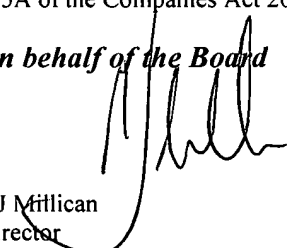
Directors' report for the year ended 31 March 2016 (continued)

Charitable donations

The company made charitable donations in the year of £1,443,802. (2015: £709,939). These consisted of £1,418,000 donated to Parabola Foundation (2015: £nil), £8,802 donated to Galleries Inc. (2015: £21,939), £nil to Haileybury Youth Trust Uganda (2015: £2,000), £12,000 to Ruwenzori Sculpture Foundation (2015: £36,000), £nil donated to Kings Place Music Foundation (2015: £650,000) and £5,000 (2015:£nil) to Greenwich and Bexley Hospice. All charitable donations were made in furtherance of each of the charity's charitable objects.

In preparing this report the directors have taken advantage of the small companies exemption provided by section 415A of the Companies Act 2006.

On behalf of the Board



P J Millican
Director
20 July 2016

Independent auditors' report to the members of Parabola Estates Limited

Report on the financial statements

Our opinion

In our opinion, Parabola Estates Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual report and financial statements (the "Annual Report") comprise:

- the Balance sheet as at 31 March 2016;
- the Profit and loss account and Statement of total recognised gains and losses for the year then ended;
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is the Financial Reporting Standard for Smaller Entities (Effective January 2015), and applicable law (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; take advantage

Independent auditors' report to the members of Parabola Estates Limited (continued)

of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 1, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Bill MacLeod (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
20 July 2016

Profit and loss account for the year ended 31 March 2016

	Note	2016 £	2015 £
Turnover	2	1,063,126	1,478,255
Administrative expenses		(2,513,911)	(1,717,042)
Operating loss	3	(1,450,785)	(238,787)
Interest receivable and similar income	5	367,464	383,355
Interest payable and similar charges	6	(328,720)	(423,506)
Profit on disposal of Investment Property		1,967,256	-
Profit/(loss) on ordinary activities before taxation		555,215	(278,938)
Tax on profit/(loss) on ordinary activities	7	646,499	(15,969)
Profit/(loss) for the financial year	15	1,201,714	(294,907)

There is no material difference between the profit/(loss) on ordinary activities before taxation and the profit/(loss) for the financial years stated above, and their historical cost equivalents.

Statement of total recognised gains and losses for the year ended 31 March 2016

	Note	2016 £	2015 £
Profit/(Loss) for the financial year	15	1,201,714	(294,907)
Revaluation reserve movements	15	-	2,000,000
Total recognised gains/(losses) for the year		1,201,714	1,705,093

Balance sheet as at 31 March 2016

	Note	2016 £	2015 £
Fixed assets			
Investments	8	441,282	-
Tangible fixed assets	9	5,361	18,484,224
		446,643	18,484,224
Current assets			
Debtors (including £0 (2015: £247,073) due after more than one year)	10	569,628	8,601,646
Cash at bank and in hand		18,884,025	761,812
		19,453,653	9,363,458
Creditors: amounts falling due within one year	11	(872,477)	(8,660,285)
Net current assets/ (liabilities)		18,581,176	703,173
Total assets less current liabilities		19,027,819	19,187,397
Provisions for liabilities	12	48,737	(1,312,553)
Net assets		19,076,558	17,874,844
Capital and reserves			
Called up share capital	13	100	100
Revaluation reserve	14	-	8,778,325
Profit and loss account	14	19,076,458	9,096,419
Total shareholders' funds	15	19,076,558	17,874,844

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015). The financial statements on pages 5 to 18 were approved by the board of directors on 20 July 2016 and authorised for issue, and were signed on their behalf by:


P.J. Millican
Director

Registered Number 3540618

Statement of accounting policies

Basis of preparation

The financial statements are prepared on a going concern basis under the historical cost convention in accordance with the Companies Act 2006 and the Financial Reporting Standard for Smaller Entities (effective January 2015). A summary of the more important accounting policies, which have been applied consistently, is set out below.

Turnover

Turnover represents rental and service charge income from the letting of office space in Central Square, Newcastle upon Tyne, excluding value added tax, and is recognised on the accruals basis. Turnover relates entirely to the United Kingdom.

Investment Properties

Properties held for investment and included in tangible fixed assets are stated in the balance sheet at open market value at the balance sheet date; the aggregate surplus or deficit arising on revaluation is transferred to the revaluation reserve. No provision is made for taxation on chargeable gains which would arise if properties were disposed of at their revalued amounts. Investment properties are revalued annually by the directors, with an external independent valuation performed in accordance with the RICS Valuation and Appraisal manual every 5 years.

Tangible fixed assets and depreciation

In accordance with SSAP19, no depreciation is provided in respect of freehold investment properties. The requirement of the Companies Act 2006 is to depreciate all properties, but that requirement conflicts with the generally accepted accounting principle set out in SSAP19. The directors consider that, as these properties are not held for consumption but for investment, to depreciate them would not give a true and fair view, and that it is necessary to adopt SSAP19 in order to give a true and fair view. If this departure from the Act had not been made the profit for the financial year would have been reduced by depreciation. However, the amount of depreciation cannot reasonably be quantified, because of the lack of analysis of value between land and buildings.

Fixtures and fittings are depreciated over their useful economic life of 5 years on a straight-line basis.

Other assets contain certain statues and other works of art. No depreciation is charged on these assets which are a departure from the Companies Act 2006, however the directors consider the residual value at least equal to their purchase cost and therefore to depreciate them would not give a true and fair view.

Capitalisation of finance costs

Costs directly attributable to the arrangement of bank loans are capitalised and charged to the profit and loss account evenly over the period of the loan.

Pre-letting costs

Costs incurred in setting up new leases are included in prepayments and charged to the profit and loss account evenly over the period of the lease.

Deferred taxation

Deferred tax is recognised in respect of all timing differences where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. A net deferred tax asset is recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Notes to the financial statements for the year ended 31 March 2016

1 Cash flow statement

The company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996) as it is a small company.

2 Turnover

	2016	2015
	£	£
Rental income	772,471	892,613
Service charges recoverable	276,364	367,712
Other income	14,291	217,930
	1,063,126	1,478,255

Turnover relates entirely to the United Kingdom.

3 Operating profit

	2016	2015
	£	£
The operating profit is stated after charging:		
Depreciation on tangible fixed assets	5,028	6,879
Auditors remuneration in respect of		
Audit services	8,777	7,500
Non-audit services	16,205	22,530

Notes to the financial statements for the year ended 31 March 2016 (continued)

4 Employees and directors

	2016 £	2015 £
Staff costs		
Wages and salaries	293,621	324,930
Social security costs	37,400	16,426
	331,021	341,356

	2016 Number	2015 Number
Average monthly number of people employed		
Administration staff including directors on a service contract	1	1

	2016 £	2015 £
Directors		
Aggregate emoluments	287,031	277,800

Total emoluments for the highest paid director were £287,031 (2015: £273,364).

5 Interest receivable and similar income

	2016 £	2015 £
Bank interest receivable	971	2,963
Related parties interest receivable	365,745	379,910
Other interest receivable	748	482
	367,464	383,355

Notes to the financial statements for the year ended 31 March 2016 (continued)

6 Interest payable and similar charges

	2016 £	2015 £
Interest payable on secured bank loans	205,709	275,681
Interest payable to related parties	83,011	107,825
Amortisation of deferred finance costs	40,000	40,000
	328,720	423,506

7 Tax on profit/(loss) on ordinary activities

(a) Tax on profit/(loss) on ordinary activities

	2016 £	2015 £
Current tax:		
United Kingdom corporation tax on the profit/(loss) for the year	714,793	-
Total current tax (note 7(b))	714,793	-
Deferred tax:		
Origination and reversal of timing differences	(1,366,199)	(23,163)
Adjustment in respect of previous years	(508)	38,029
Effect of changes in tax rates	5,415	1,103
Total deferred tax (note 12)	(1,361,292)	15,969
Tax on profit/loss on ordinary activities	(646,499)	15,969

Notes to the financial statements for the year ended 31 March 2016 (continued)

7 Tax on (loss)/profit on ordinary activities (continued)

(b) Reconciliation to current tax charge from profit on ordinary activities

The tax assessed for the year is higher (2015: lower) than the standard rate of corporation tax in the UK (20%).

	2016 £	2015 £
Profit/(loss) on ordinary activities before taxation	555,215	(278,938)
Profit/(loss) on ordinary activities before taxation multiplied by standard rate of corporation tax in the UK of 20% (2015: 21%)	111,043	(58,577)
Effects of:		
- expenses not deductible for tax purposes	53,694	35,414
- capital allowances in excess of depreciation	(2,561)	519
- utilisation of tax losses/movement in short term timing differences	(210,747)	22,644
- gain on disposal of investment property	763,364	
Current year tax charge (note 7 (a))	714,793	-

(c) Factors that may impact the future tax charge

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change announced is to reduce the main rate to 17% from 1 April 2020. Changes to reduce the UK corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 had already been substantively enacted on 26 October 2015. As the change to 17% had not been substantively enacted at the balance sheet date its effects are not included in these financial statements.

Notes to the financial statements for the year ended 31 March 2016 (continued)

8 Investments

	Other assets
	£'000
Cost	
At 1 April 2015	-
Transfers from tangible assets	441,282
At 31 March 2016	441,282
Impairment	
At 1 April 2015 and 31 March 201	-
Net book value	
At 31 March 2016	441,282
At 31 December 2014	-

Investments comprise works of art for which independent valuations are obtained to ensure no impairment is required.

Notes to the financial statements for the year ended 31 March 2016 (continued)

9 Tangible assets

	Freehold Investment properties £	Fixtures and fittings £	Other assets £	Total £
Cost or valuation				
At 1 April 2015	18,000,000	375,311	471,282	18,846,593
Additions	-	8,500	-	8,500
Disposals	(18,000,000)	(366,884)	(30,000)	(18,396,884)
Transfer to investment			(441,282)	
At 31 March 2016	-	16,927	-	16,927
Accumulated Depreciation				
At 1 April 2015	-	362,369	-	362,369
Charge for the year	-	5,028	-	5,028
Disposals	-	(355,831)	-	(355,831)
At 31 March 2016	-	11,566	-	11,566
Net book amount				
At 31 March 2016	-	5,361	-	5,361
At 31 March 2015	18,000,000	12,942	471,282	18,484,224

Investment properties with a historical cost of £9,221,675 were valued by the directors as at 31 March 2015 on an open market value basis to £18,000,000. The property was sold in December 2015.

Investment properties are revalued annually by the directors, with an external independent valuation performed in accordance with the RICS Valuation and Appraisal manual every 5 years. The property was valued by Knight Frank in December 2013.

On a historical cost basis, the freehold land and buildings would be included at:

	2016 £	2015 £
Cost and net book value	-	9,221,675

Notes to the financial statements for the year ended 31 March 2016 (continued)

10 Debtors

	2016	2015
	£	£
Trade debtors	20,254	336,969
Amounts due from related parties	472,771	7,607,027
Other debtors	76,603	37,556
Prepayments and accrued income	-	620,094
	569,628	8,601,646

Prepayments include £nil (2015: £247,073) falling due after more than one year.

Amounts due from related parties represent a loan to Parabola Land Limited which is unsecured, repayable on three months written notice with a principal outstanding at 31 March 2016 of £nil (2015: £7,500,000) and interest accrued of £472,771 (2015: £107,027).

11 Creditors: amounts falling due within one year

	2016	2015
	£	£
Bank loans	-	5,960,000
Trade creditors	12,660	7,869
Amounts owed to related parties	-	2,086,700
Taxation and social security	782,695	68,577
Accruals and deferred income	77,122	537,139
	872,477	8,660,285

Amounts owed to related parties represented a loan to N Millican which was unsecured, repayable on three month's written notice with a principal outstanding as at 31 March 2016 of £nil (2015: £1,900,000). The loan attracted interest at 5.675% which is rolled up. The loan was repaid in January 2016.

The bank loan was secured over property at Central Square (2015: Central Square), Newcastle upon Tyne. The loan was repayable over 4.75 years. Interest was payable on the loan at 2.77%, plus a 2.5% margin via a fixed rate swap per annum on £4,200,000 of the year end balance and at 2.00% above the 3 month LIBOR rate on £1,800,000 of the year end loan balance. Finance arrangement costs of £200,000 were being amortised over the period of the loan and the un-amortised amount of £40,000 has been netted off the gross amount of the loan. The loan was repaid in December 2015.

Notes to the financial statements for the year ended 31 March 2016 (continued)

12 Provisions for liabilities

Deferred taxation

The movement in the deferred taxation liability during the year was as follows:

	£
At 1 April 2015	1,312,554
Profit and loss account charge (note 7)	(1,360,783)
Adjustment in respect of prior years	(508)
At 31 March 2016	(48,737)

The deferred tax liability comprises:

	2016 £	2015 £
The amounts provided for deferred taxation are as follows:		
Capital allowances in excess of depreciation	(48,737)	1,523,301
STTD's – non-trading	-	(37,340)
Losses carried forward	-	(173,407)
	(48,737)	1,312,554

There is unprovided deferred taxation of £nil relating to revalued assets (2015: £1,061,000).

Notes to the financial statements for the year ended 31 March 2016 (continued)

13 Called up share capital

	2016 £	2015 £
Authorised		
10,000 (2015: 10,000) ordinary shares of £0.01 each	100	100
Allotted, called up and fully paid		
10,000 (2015: 10,000) ordinary shares of £0.01 each	100	100

14 Reserves

	Revaluation reserve £	Profit and loss account £	Total £
At 1 April 2015	8,778,325	9,096,419	17,874,744
Profit for the financial year	-	1,201,714	1,201,714
Transfer	(8,778,325)	8,778,325	-
At 31 March 2016	-	19,076,458	19,076,458

15 Reconciliation of movements in shareholders' funds

	2016 £	2015 £
Profit/(Loss) for the financial year	1,201,714	(294,907)
Revaluation reserve movements	-	2,000,000
Net change in shareholders' funds	1,201,714	1,705,093
Opening shareholders' funds	17,874,844	16,169,751
Closing shareholders' funds	19,076,558	17,874,844

Notes to the financial statements for the year ended 31 March 2016 (continued)

16 Ultimate controlling parties

The directors consider that, by virtue of the shares held, the ultimate controlling parties of the company are the trustees of Sheffield Trust, RDW Property Trust and West of England Property Trust.

17 Related party transactions

Administrative costs of £3,360 (2015: £31,146) were recharged to Parabola Land Limited. The year end balance was £1,456 (2015: £31,146).

Wages and salaries costs of £6,590 (2015: £14,761), social security costs of £910 (2015: £1,476) and administrative costs of £1,586 (2015: £nil) were recharged by Parabola Land Limited. The year end balance was £7,500 (2015: £nil).

Wages and salaries costs of £nil (2015: £273) and social security costs of £nil (2015: £27) were recharged to Corinthian Capital Trust. The year end balance was £nil (2015: £nil).

Wages and salaries costs of £nil (2015: £273) and social security costs of £nil (2015: £27) were recharged to Dorian Development Trust. The year end balance was £nil (2015: £nil).

Wages and salaries costs of £nil (2015: £273) and social security costs of £nil (2015: £27) were recharged to Metrovick House Trust. The year end balance was £nil (2015: £nil).

Wages and salaries costs of £nil (2015: £35,796) and social security costs of £nil (2015: £3,797) were recharged to Parabola Capital LLP. The year end balance was £nil (2015: £634).

Wages and salaries costs of £nil (2015: £345) and social security costs of £nil (2015: £35) were recharged to Pangolin London. The year end balance was £nil (2015: £nil).

The company made charitable donations in the year of £1,418,000 to Parabola Foundation (2015: £nil), £8,802 donated to Galleries Inc. (2015: £21,939), £12,000 to Ruwenzori Sculpture Foundation (2015: £36,000) and £nil to Kings Place Music Foundation (2015: £650,000).

All above entities are considered to be related parties by virtue of common influence exercised over them.