

Reports and Financial Statements

31 October 2018

Company Number: 03724227

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To the Company's Ordinary Shareholders**Elective Regime**

The Company has passed elective resolutions in accordance with Section 312 of the Companies Act 2006 as amended ("the Act") to dispense with the formalities of:

- the laying of accounts before the Company in general meeting (Section 437 of the Act);
- the holding of annual general meetings (Section 336 (1) of the Act);
- the obligation to appoint auditors annually (Section 485 of the Act).

Section 437 gives members the right to require the laying of accounts before the Company in general meeting. To exercise such right, a member must give notice in writing to that effect deposited at the registered office of the Company within 28 days of the day on which the report and financial statements are sent out in accordance with Section 423 of the Act.

Registered Office:
Armoury House
City Road
London EC1Y 2BQ

OFFICERS AND AUDITORS

DIRECTORS

SD Crane

M Wood (resigned 21 January 2019)

M Vincent (resigned 21 January 2019)

A D C Caie (appointed 21 January 2019)

J P Chorley (appointed 21 January 2019)

SECRETARY

DW Beaumont ACMA (resigned 21 January 2019)

A S T Elliott-Frey (appointed 21 January 2019)

AUDITORS

Kingston Smith LLP

Chartered Accountants & Registered Auditors

Devonshire House

60 Goswell Road,

London EC1M 7AD

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 31 October 2018.

ACTIVITIES

The principal activity of the Company is to own land in Wales, known as the Welsh Pencelli Estate, on behalf of the ultimate holding company.

RESULTS AND DIVIDENDS

The Company did not trade during the year. The Directors do not recommend payment of a dividend (2017:£nil).

FUTURE PROSPECTS

No change in the Company's activities is envisaged in the foreseeable future.

DIRECTORS AND THEIR INTERESTS

The Directors have no interest in the shares of the Company nor any disclosable interests in any contracts or arrangements with the Company subsisting at the end of the financial year.

Small company rules

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

AUDITORS

Kingston Smith LLP have indicated their willingness to continue in office and in accordance with the provisions of the Companies Act it is proposed that they be re-appointed auditors for the ensuing year.

STATEMENT OF DISCLOSURE TO AUDITORS

So far as each of the directors is aware there is no relevant information of which the auditors are unaware. Additionally, the directors have taken all the necessary steps they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Approved by the Board of Directors and authorised for issue on 29 January 2019
and Signed by Order of the Board



SD Crane
Director

Armoury House
City Road
London EC1Y 2BQ

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 elected to prepare 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;
- 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PENCELLI LTD**Opinion**

We have audited the financial statements of Pencelli Ltd for the year ended 31 October 2018 which comprise the Profit and Loss Account, the Balance Sheet, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters 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.

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 directors' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

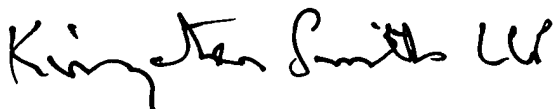
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

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 for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and company's members as a body, for our work, for this report, or for the opinions we have formed.



James Cross (Senior Statutory Auditor)
for and on behalf of Kingston Smith LLP, Statutory Auditor

Devonshire House
60 Goswell Road
London
EC1M 7AD

Date: 5 February 2019

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 OCTOBER 2018**

During the current and previous years the Company did not trade and received no income and incurred no expenditure. Consequently, during both years the Company made neither a profit nor a loss.

**BALANCE SHEET
AS AT 31 OCTOBER 2018**

	Note	2018 £	2017 £
FIXED ASSETS			
The Welsh Pencelli Estate	4	328,773	328,773
CURRENT LIABILITIES			
Amounts owed to group undertakings	5	(28,773)	(28,773)
NET ASSETS		300,000	300,000
CAPITAL AND RESERVES			
Called up share capital	6	300,000	300,000
EQUITY SHAREHOLDERS' FUNDS		300,000	300,000

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

The notes on pages 11 to 12 form part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 29 January 2019.

Signed on Behalf of the Board of Directors



SD Crane
Director
Company No: 03724227

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements are prepared in accordance with Section 1A of FRS 102 "The Financial Reporting Standard applicable in the UK and Ireland" ("FRS 102") and the requirements of the Companies Act 2006. The financial statements have been prepared using the historical cost convention.

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.

Basic financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Debt instruments are initially recognised at transaction price unless the arrangement constitutes a financial transaction where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost using the effective interest method.

2. ULTIMATE PARENT COMPANY

The Company's holding company and ultimate parent company is the Honourable Artillery Company registered in England and Wales. A copy of the Honourable Artillery Company's published consolidated financial statements can be obtained from The Secretary, Armoury House, City Road, London EC1Y 2BQ.

3. INFORMATION REGARDING DIRECTORS, EMPLOYEES AND AUDITORS

The Company had no employees during the year. The Directors did not receive any emoluments from the Company. The audit fee was borne by the parent entity.

NOTES TO THE ACCOUNTS (continued)

4. FIXED ASSETS

The Welsh Pencelli Estate at cost £328,773
(At 1 November 2017 and 31 October 2018)

The Welsh Pencelli Estate consists of 14,000 acres of Land in the Brecon Beacons. Because of its nature the directors do not believe that it is necessary to make any provision for depreciation.

5. AMOUNTS OWED TO GROUP UNDERTAKINGS

	2018 £	2017 £
Amount owed to the ultimate parent undertaking	<u>28,773</u>	<u>28,773</u>

6. CALLED UP SHARE CAPITAL

	2018 £	2017 £
Authorised		
Ordinary Shares of £1 each	1,000,000	1,000,000
Allotted and fully paid		
Ordinary Shares of £1 each	300,000	300,000

7. CASH FLOW STATEMENT

The Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a small company.

8. RELATED PARTY TRANSACTIONS

The Company is exempt from the requirement to disclose transactions with entities that are part of the Honourable Artillery Company group, or investees of the group qualifying as related parties, as all of the Company's voting rights are controlled within that group. There are no material transactions with any other related parties.