

Linden and Dorchester Portsmouth Limited

Registered number: 04084134

Annual report and financial statements

Year ended 30 June 2019



Linden and Dorchester Portsmouth Limited

Contents

	Page(s)
Directors and advisers	3
Directors' report	4-6
Independent auditors' report to the members of Linden and Dorchester Portsmouth Limited	8-9
Income statement	10
Statement of comprehensive income	11
Balance sheet	12
Statement of changes in equity	13
Statement of cash flows	14
Notes to the financial statements	15-24

Linden and Dorchester Portsmouth Limited

Directors and advisers

Directors

P Silver
G Silver
I Amdur
J Chalmers (appointed 26 February 2020)
AR Hammond (appointed 26 February 2020)
D Maddox (appointed 26 February 2020)

Company secretary

M Palmer

Registered office

11 Tower View
Kings Hill
West Malling
Kent
ME19 4UY

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
The Atrium
1 Harefield Road
Uxbridge
Middlesex
UB8 1EX

Bankers

Bank of Scotland
The Mound
Edinburgh
EH1 1YZ

Linden and Dorchester Portsmouth Limited

Directors' report for the year ended 30 June 2019

The directors submit their annual report and the audited financial statements of Linden and Dorchester Portsmouth Limited, registered number 04084134, ("the company") for the year ended 30 June 2019. The report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Principal activities

The company's principal activities are the building and selling of residential homes.

Review of business and future developments

The company was formed to develop a site in Portsmouth which was formerly part of the rail marshalling area surrounding Fratton station.

The development commenced in 2006 having secured planning for a mixed use scheme comprising 167 residential homes and retail units. The build phase of the development was completed and the final units sold during the year ended 30 June 2012. In addition, during 2014, freehold licences on two of the three apartment blocks were sold. There are no plans for any further developments within Linden and Dorchester Portsmouth Limited.

We maintain a continual review of the potential effects on our business of the UK leaving the European Union, under various scenarios, and in particular the possible impact that this might have on the valuation of the company's available for sale financial assets.

Subsequent to year end, the Covid-19 global pandemic has hit the UK and created an uncertain economic environment. This has affected the property industry and the demand for property. Prices and values are more uncertain but there have been positive signs as the social distancing measures have been relaxed. This is therefore a non-adjusting event.

COVID-19

The coronavirus (COVID-19) pandemic has had a significant impact on the company in 2020. In March 2020, following the announcement of the nationwide lockdown, the company commenced the closure of developments and commenced reopening towards the end of April 2020 in accordance with strict guidance and protocol from the Government, Public Health England and the HSE.

The company continues to prioritise the safety, health and wellbeing of its employees, customers and suppliers and seeks to support them during these unprecedented times.

Notwithstanding the strength of the Members' liquidity, the Company Board is taking prudent decisions to best support the business through this period of uncertainty, including measures to protect the Company's cash position, liquidity and maintain a robust balance sheet.

The UK Government has shown commitment to support the housebuilding industry through this national crisis and we will seek to utilise this support where appropriate and available to our business.

Results and dividends

A summary of the results of the year's trading is given on page 9 of the financial statements. The company made a loss for the year of £85,000 (2018: loss £12,000). No dividend has been paid during either the current or prior year. The directors do not recommend the payment of a final dividend for the year.

Linden and Dorchester Portsmouth Limited

Directors' report for the year ended 30 June 2019 (continued)

Directors

The present directors of the company are set out on page 3, all of whom served throughout the year and up to the date of signing the financial statements, except as stated below.

AJ Duxbury and PA Chapman resigned as directors of the Company on 9 April 2019 and 22 November 2019, respectively.

AC Modle was appointed as a director of the company on 22 November 2019 and resigned as a director on 26 February 2020.

CJ Saunders was appointed as director of the company on 9 April 2019 and resigned as a director on 26 February 2020.

Following shareholder approval, the company has provided an indemnity for its directors and the company secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006. This indemnity was in force throughout the year and up to the date of signing these financial statements.

Financial Risk Management

The Company's operations expose it to a variety of financial risks, including the effects of credit risk, liquidity risk, cash flow risk and interest rate risk. The policies to mitigate the potential impact of these financial risks are set out by the directors, who monitor their effectiveness on a monthly basis during board meetings.

Principal risks, uncertainties and key performance indicators

All properties are now sold and as such the only remaining risks and uncertainties are residual, the main one being the recoverability of the available for sale assets (shared equity debtors). Management assess the risk of recoverability each year and provide for any expected default.

Borrowings are unsecured and incur no interest and as such are considered low risk. Whilst they are repayable on demand, both joint venture partners have indicated their continued support for Linden and Dorchester Portsmouth Limited for at least one year after these financial statements are signed.

Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support from Linden Limited and Dorchester (Pompey) Limited. The directors have received confirmation from both Linden Limited and Dorchester (Pompey) Limited intend to support the company for at least one year after these financial statements are signed.

Small companies exemption

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

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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.

Linden and Dorchester Portsmouth Limited

Directors' report for the year ended 30 June 2019 (continued)

Statement of directors' responsibilities in respect of the financial statements (continued)

In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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.

The directors 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 the approval of this report confirms that so far as they are aware, there is no relevant audit information of which the company's auditors are unaware. 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 Section 418 of the Companies Act 2006.

Post balance sheet events

The coronavirus (COVID-19) pandemic has had a significant impact on the company in 2020. In March 2020, following the announcement of the nationwide lockdown, the company commenced the closure of developments and commenced reopening towards the end of April 2020 in accordance with strict guidance and protocol from the Government, Public Health England and the HSE.

The company continues to prioritise the safety, health and wellbeing of its employees, customers and suppliers and seeks to support them during these unprecedented times.

Notwithstanding the strength of the Members' liquidity, the Company Board is taking prudent decisions to best support the business through this period of uncertainty, including measures to protect the Company's cash position, liquidity and maintain a robust balance sheet.

The UK Government has shown commitment to support the housebuilding industry through this national crisis and we will seek to utilise this support where appropriate and available to our business.

It is noted that there remains uncertainty around COVID-19 and how long the pandemic will continue to impact the UK and so it is difficult to reliably estimate the effect on the future financial position and results of the Company and the Member. The Company continues to monitor the changing environment and seeks to respond promptly and appropriately.

The Company has determined that these events are non-adjusting subsequent events and so no adjustment has been made to the financial statements for the year ended 30 June 2019 as a result.

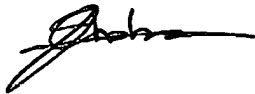
No other matters have arisen since the year end that requires disclosure in the financial statements.

Linden and Dorchester Portsmouth Limited

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.

The report of the directors was approved by the board of directors on 29th July 2020 and signed on its behalf by:



J Chalmers
Director

29.07.2020

Independent auditors' report to the members of Linden and Dorchester Portsmouth Limited

Report on the audit of the financial statements

Opinion

In our opinion, Linden and Dorchester Portsmouth Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2019 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and Financial statements (the "Annual Report"), which comprise: the balance sheet as at 30 June 2019; the income statement, the statement of comprehensive income and expense, the statement of cash flows, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Independent auditors' report to the members of Linden and Dorchester Portsmouth Limited (continued)

Strategic Report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' report for the year ended 30 June 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on pages 5 and 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.


Other required reporting

Companies Act 2006 exception reporting

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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Radek Vik (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Uxbridge
29 July 2020

Linden and Dorchester Portsmouth Limited

Income statement for the year ended 30 June 2019

	Note	2019 £'000	2018 £'000
Revenue		-	-
Cost of sales		(103)	(38)
Gross loss		(103)	(38)
Administrative expenses		(3)	(13)
Loss before finance income		(106)	(58)
Finance income	3	31	33
Loss before income tax	4	(75)	(18)
Income tax	5	(10)	6
Loss for the year		(85)	(12)

All amounts relate to continuing operations.

The notes on pages 15 to 24 are an integral part of these financial statements.

Linden and Dorchester Portsmouth Limited

Statement of comprehensive income and expense for the year ended 30 June 2019

	2019	2018
	£'000	£'000
Loss for the year	(85)	(12)
Total comprehensive expense for the year	(85)	(12)

There is no other comprehensive income or expense in the year. Total comprehensive expense therefore equals to the loss for the year.

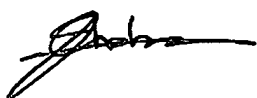
Linden and Dorchester Portsmouth Limited

Balance sheet as at 30 June 2019

	Note	2019 £'000	2018 £'000
Assets			
Non-current assets			
Available for sale financial assets	6	281	388
Total non-current assets		281	388
Current assets			
Trade and other receivables	7	-	1
Current income tax assets	8	-	10
Cash and cash equivalents	9	43	72
Total current assets		43	83
Total assets		324	471
Liabilities			
Current liabilities			
Financial liabilities – borrowings	11	(1,960)	(2,020)
Trade and other payables	10	(11)	(13)
Total current liabilities		(1,971)	(2,033)
Net current liabilities		(1,928)	(1,950)
Net Liabilities		(1,647)	(1,562)
Equity			
Ordinary shares	13	-	-
Share premium	13	3,525	3,525
Accumulated losses		(5,172)	(5,087)
Total equity		(1,647)	(1,562)

The notes on pages 15 to 24 are an integral part of these financial statements.

The financial statements on pages 10 to 24 were approved by the Board of directors on 29th July 2020 and signed on its behalf by:



J Chalmers
Director

Registered number: 04084134

29th July 2020

Linden and Dorchester Portsmouth Limited

Statement of changes in equity for the year ended 30 June 2019

	Ordinary shares £'000	Share premium £'000	Accumulated losses £'000	Total equity £'000
At 1 July 2017	-	3,525	(5,075)	(1,550)
Loss and total comprehensive expense for the year	-	-	(12)	(12)
At 30 June 2018	-	3,525	(5,087)	(1,562)
Loss and total comprehensive expense for the year	-	-	(85)	(85)
At 30 June 2019	-	3,525	(5,172)	(1,647)

The notes on pages 15 to 24 are an integral part of these financial statements.

Linden and Dorchester Portsmouth Limited

Statement of cash flows for the year ended 30 June 2019

	Note	2019 £'000	2018 £'000
Cash flows from operating activities			
Continuing operations			
Loss before finance income and income tax		(106)	(51)
Adjustments for:			
(Profit) on disposal of available for sale financial assets	6	(13)	-
Impairment on available for sale financial assets	6	117	38
Net cash used in operations before changes in working capital		(2)	(13)
Decrease in trade and other receivables		1	2
Change in trade and other payables		(2)	10
Net cash used in operating activities		(3)	(1)
Cash flow from investing activities			
Proceeds from sale of available for sale financial assets	6	34	-
Net cash generated from investing activities		34	-
Cash flows from financing activities			
Repayment of borrowings		(60)	-
Net cash used in financing activities		(60)	-
Net decrease in cash and cash equivalents		(29)	(1)
Cash and cash equivalents at 1 July	9	72	73
Cash and cash equivalents at 30 June	9	43	72

The notes on pages 15 to 24 are an integral part of these financial statements.

Linden and Dorchester Portsmouth Limited

Notes to the Financial Statements

1 Accounting policies

General information

Linden and Dorchester Portsmouth Limited ('the company') is a limited company incorporated, registered and domiciled in England and Wales (Registered Number 04084134). The address of the registered office is Linden and Dorchester Portsmouth Limited, 11 Tower View, Kings Hill, West Malling, Kent, England, ME19 4UY.

The financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the company operates. The amounts stated are denominated in thousands (£'000).

Basis of accounting

These financial statements have been prepared in accordance with EU adopted International Financial Reporting Standards (IFRSs), International Financial Reporting Interpretations Committee (IFRIC) interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared on the going concern basis and under the historical cost convention as modified by the revaluation of available for sale investments and financial assets and liabilities (including derivative financial instruments) at fair value through profit and loss where applicable. The Company has applied all accounting standards and interpretations issued by the International Accounting Standards Board and IFRIC and endorsed by the EU, relevant to its operations and effective on 1 July 2018.

New standards, amendments and interpretations that became mandatory for the first time for the financial year beginning 01 July 2018 are listed below.

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from contracts with customers
- Amendments to IFRS 2 Share-based payments
- Amendments to IFRS 4 Insurance contracts
- Amendments to IAS 40 Investment property
- Annual improvements 2015-2017

Above new standards and amendments do not have a material effect on the company except as described below:

- IFRS 9 - 'Financial instruments'

The Company has adopted IFRS 9 Financial Instruments using the modified retrospective method for the first time in the year ended 30 June 2019. There was no material impact on adoption of this new standard and adopting the expected credit loss model for impairment of financial assets.

- IFRS 15 'Revenue from contracts with customers'

The Company did not make any revenue during the current and prior year as it has stopped trading. Therefore, the application of IFRS 15 'Revenue from contracts with customers' has no impact on the company's financial statements at the transition date of 1 July 2018 and at the year ended 30 June 2019.

The IASB and IFRIC issued the following standards, amendments and interpretations with an effective date after the year end of these financial statements.

- IFRS 16 Leases
- IFRS 17 Insurance Contracts
- IFRIC 23 Uncertainty over Income Tax Treatments
- Amendments to the following standards:
 - IAS 28 Long-term interests in associates and joint ventures
 - IAS 1 & IAS 8 Definition of Material
 - IAS 19 Plan Amendment, Curtailment or Settlement
 - IFRS 3 Business Combinations
 - IFRS 9 Prepayment features with negative compensation
- Annual improvements 2015-2017

Linden and Dorchester Portsmouth Limited

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying value of assets and liabilities which are readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Material estimates and assumptions are made in particular with regards to establishing the following policies:

(i) Shared equity receivables

Shared equity receivables largely have repayment dates that can vary and variable repayment amounts, provided as part of the sales transaction and are secured by a second legal charge on the related property. They are stated at fair value as described in note 6. In determining the fair value, the key assumptions, which are largely dependent on factors outside the control of the Company are:

- date of final repayment of the receivable
- house price inflation
- discount rate

Interest income and expense

Interest income and expense is recognised on a time proportion basis using the effective interest method.

Income tax

Current income tax is based on the taxable profit for the year. Taxable profit differs from profit before taxation recorded in the income statement because it excludes items of income or expense that are taxable or deductible in other years or that are never taxable or deductible. The liability for current tax is calculated using rates that have been enacted, or substantively enacted, by the balance sheet date.

Deferred income tax is provided using the balance sheet liability method, providing for all temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. 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 rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred income tax is accounted for on an undiscounted basis. A deferred tax asset is only recognised when it is more likely than not that the asset will be recoverable in the foreseeable future out of suitable taxable profits from which the underlying temporary differences can be deducted. Deferred income tax is charged or credited through the income statement, except when it relates to items charged or credited through the statement of comprehensive income, when it is charged or credited there.

Share Equity

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the assets within 12 months of the balance sheet date. On initial recognition, the asset is recognised at fair value plus transaction costs. Available for sale financial assets are measured at subsequent reporting dates at fair value subject to the exemption in paragraph 46 of IAS39. Gains and losses arising from changes in fair value are recognised directly in equity, until the asset is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the year.

Linden and Dorchester Portsmouth Limited

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

Share Equity (continued)

The available for sale assets comprise of shared equity receivables. The shared equity receivables are largely with repayment dates that can vary and variable repayment amounts, provided as part of the sales transaction and are secured by a second legal charge on the related property. The assets are recorded at fair value, being the estimated future receivable by the Group, discounted back to present values. The fair value of the future anticipated receipts takes into account the Directors' view of future house price movements, the expected timing of receipts and credit risk. These assumptions are reviewed at the end of each financial reporting year. The difference between the anticipated future receipt and the initial fair value is credited over the estimated deferred term to finance income, with the financial asset increasing to its full expected cash settlement value on the anticipated receipt date. Credit risk, which is largely mitigated by holding a second charge over the property is accounted for in determining the fair values and appropriate discount rates are applied. The Directors' review the financial assets for impairment at each balance sheet date by comparing the original equity amount against the carrying fair value of the property. An impairment is recognised where the carrying fair value is lower than the original amount.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established based on an expected credit loss model (general or simplified approach as detailed under impairment of financial assets). The amount of the loss is recognised in the income statement.

When a trade receivable is uncollectible, it is written off against the impairment provision for trade receivables. Subsequent recoveries of amounts previously written off are credited against cost of sales in the income statement. Short-term trade receivables do not carry any interest and are stated at their amortised cost, as reduced by appropriate allowances for estimated irrecoverable amounts.

Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at nominal value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand, including bank deposits with original maturities of three months or less. Bank overdrafts are also included as they are an integral part of the Company's cash management. Bank deposits with an original term of more than three months are classified as short term deposits where the cash can be withdrawn on demand and the penalty for early withdrawal is not significant.

Bank and other borrowings

Interest bearing bank loans and overdrafts and other loans are originally recognised at fair value net of transaction costs incurred. Such borrowings are subsequently stated at amortised cost with the difference between initial fair value and redemption value recognised in the income statement over the period to redemption.

Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the income statement using the effective interest rate method. Re-financing costs associated with new borrowing arrangements are included within the borrowing amount and amortised over the period of the loan.

Linden and Dorchester Portsmouth Limited

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

Trade payables

Trade payables on normal terms are not interest bearing and are stated at their nominal value. Trade payables on extended terms, particularly in respect of land, are recorded at their fair value at the date of acquisition of the asset to which they relate. The discount to nominal value is amortised over the period of the credit term and charged to finance costs using the effective interest rate.

Dividend policy

Final dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognised when paid.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received net of directly attributable incremental issue costs.

Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support from Linden Limited and Dorchester (Pompey) Limited. The directors have received confirmation from both Linden Limited and Dorchester (Pompey) Limited intend to support the company for at least one year after these financial statements are signed.

2 Employees and directors

The company had no employees during the year (2018: None).

As noted in note 17, Linden and Dorchester Portsmouth Limited is jointly owned by Linden Limited and Dorchester (Pompey) Limited.

During the year ended 30 June 2019, the emoluments of directors who are also directors of Linden Limited are paid by other group entities within the wider Galliford Try plc group (former parent company of Linden Limited) and no recharges are made to the company for these amounts. The emoluments for services to Linden and Dorchester Portsmouth Limited cannot be separated from those in respect of their other roles and therefore no disclosure has been made in these financial statements. Disclosure of Linden Limited's directors' emoluments are made in the Linden Limited 2019 financial statements which are publicly available.

Directors who are also directors of Dorchester (Pompey) Limited receive no remuneration for their services to Linden and Dorchester Portsmouth Limited.

3 Finance income

	2019 £'000	2018 £'000
Unwind of discount on shared equity receivables	31	33
Finance income	31	33

Linden and Dorchester Portsmouth Limited

Notes to the Financial Statements (continued)

4 (Loss)/profit before income tax

(Loss)/profit before income tax is stated after charging/(crediting):

	2019 £'000	2018 £'000
Impairment of available for sale financial assets	117	38
Audit fee for audit services	3	3

No non-audit fees were paid to the auditors (2018: Nil).

5 Income tax

	2019 £'000	2018 £'000
Analysis of income in year		
Current year's income tax		
Current tax	-	3
Adjustments in respect of prior years		
Current tax	(10)	3
Total taxation (debit) / credit	(10)	6

The total tax debit for the year of £10,000 (2018: credit £6,000) is higher (2018: lower) than the year end standard rate of corporation tax in the UK of 19% (2018: 19%) which are explained below:

	2019 £'000	2018 £'000
(Loss) before income tax	(75)	(18)
(Loss) before income tax multiplied by the blended standard rate in the UK of 19.0% (2018: 19.00%)	(15)	3
Effects of:		
Unrecognised deferred tax asset	15	
Adjustments in respect of prior years	(10)	3
Total income tax (debit) / credit	(10)	6

As at 30 June 2019 the Company has an unrecognised deferred tax asset of £592,000 (2018: £577,000).

The standard rate of corporation tax in the UK changed from 20.00% to 19.00% with effect from 1 April 2017. Accordingly, the Company's profits were taxed at a rate of 19.00% for the year to 30 June 2019 (18-month period ended 30 June 2018: blended rate of 19.17%).

Linden and Dorchester Portsmouth Limited

Notes to the Financial Statements (continued)

6 Available for sale financial assets

	2019 £'000	2018 £'000
At 1 July	388	393
Disposals	(21)	-
Impairment	(117)	(38)
Unwind of discount on shared equity receivables	31	33
At 30 June	281	388

The available for sale assets comprise of shared equity receivables. The shared equity receivables are largely with repayment dates that can vary and variable repayment amounts, provided as part of the sales transaction and are secured by a second legal charge on the related property. The assets are recorded at fair value, being the estimated future receivable by the Company, discounted back to present values. The fair value of the future anticipated receipts takes into account the Directors' view of future house price movements, the expected timing of receipts and credit risk. These assumptions are reviewed at the end of each financial reporting year. The difference between the anticipated future receipt and the initial fair value is credited over the estimated deferred term to finance income, with the financial asset increasing to its full expected cash settlement value on the anticipated receipt date. Credit risk, which is largely mitigated by holding a second charge over the property is accounted for in determining the fair values and appropriate discount rates are applied. The Directors' review the financial assets for impairment at each balance sheet date by comparing the original equity amount against the carrying fair value of the property. An impairment is recognised where the carrying fair value is lower than the original amount.

During the year, the Company's investment in shared equity receivables decreased by £107,000 (2018: decreased by £5,000). £31,000 (2018: £33,000) arose on the unwind of the discount applied on initial recognition of the receivables at fair value which has been shown as finance income in the income statement. The shared equity receivables are secured by a charge over the related property.

An impairment of £117,000 (2018: £38,000) arose in the year due to variances between the valuation assumptions used for future house prices compared to the actual outturn. This amount has been charged to the income statement.

Disposals in the year of £21,000 (2018: £nil) relates to the repayment of shared equity receivables.

7 Trade and other receivables

	2019 £'000	2018 £'000
Other receivables	-	1

The company's maximum exposure to credit risk is the receivables, shared equity and cash and cash equivalents balances, but no significant concentration of credit risk exists.

Linden and Dorchester Portsmouth Limited

Notes to the Financial Statements (continued)

8 Current income tax assets

	2019 £'000	2018 £'000
Current income tax assets	-	10

9 Cash and cash equivalents

	2019 £'000	2018 £'000
Cash at bank and in hand	43	72
Cash and cash equivalents for cash flow purposes	43	72

10 Trade and other payables

	2019 £'000	2018 £'000
Accruals and deferred income	11	13
	11	13

11 Financial liabilities – borrowings

	2019 £'000	2018 £'000
Current		
Unsecured - Loan notes (i)	1,960	2,020

(i) The unsecured loan notes are made up as follows:

(a) £1,309,900 (2018: £1,349,900) of loan issued from Linden Limited. The loan stock incurs no interest.

(b) £649,900 (2018: £669,900) of loan issued from Dorchester (Pompey) Limited. The loan stock incurs no interest.

Both loans are repayable on demand.

Linden and Dorchester Portsmouth Limited

Notes to the Financial Statements (continued)

12 Financial instruments

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

The Company operates within financial risk policies and procedures approved by the Board. It is, and has been throughout the year, the Company's policy that no trading in financial instruments shall be undertaken. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity. The Company's financial instruments principally comprise bank borrowings, cash and liquid resources, receivables and payables that arise directly from its operations and its acquisitions.

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Financial risk factors

(a) Market risk

(i) Foreign exchange risk

All material activities of the Company take place within the UK and consequently there is little direct exchange risk other than payments to overseas suppliers who require settlement in their currency. The Company has no material currency exposure at 30 June 2019 (2018: nil).

(ii) Interest rate risk

The Company's income and operating cash flows are substantially independent of changes in market interest rates. The Company's interest rate risk arises from movement in cash and cash equivalents and long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. The Company policy is to accept a degree of interest rate risk as long as the effect of various changes in rates remains within prescribed ranges.

(b) Credit risk

Credit risk arises from cash and cash equivalents, borrowings from its parent companies, as well as credit exposures to receivables and shared equity.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash funding. The parent undertakings ensure that sufficient funding is made available to continue to trade.

In accordance with IFRS 9, Financial instruments: recognition and measurement, the Company has reviewed all contracts for embedded derivatives that are required to be separately accounted for if they do not meet certain requirements set out in the standard. No such embedded derivatives have been identified.

Linden and Dorchester Portsmouth Limited

Notes to the Financial Statements (continued)

12 Financial instruments (continued)

Fair value of other financial assets and financial liabilities

		2019		2018	
	Note	Book value £'000	Fair value £'000	Book value £'000	Fair value £'000
Primary financial instruments held or issued to finance the Company's operations:					
Short term borrowings	11	(1,960)	(1,960)	(2,020)	(2,020)
Available for sale financial assets	6	281	281	388	388
Trade and other payables	10	(11)	(11)	(13)	(13)
Trade and other receivables	7	-	-	1	1
Cash and cash equivalents	9	43	43	72	72

Prepayments and accrued income are excluded from the trade and other receivables balances and statutory liabilities and payments received on account on construction contracts are excluded from trade and other payables balances, as this analysis is required only for financial instruments.

Specific valuation techniques used to value financial instruments are defined as Level 1 (quoted market prices for similar instruments); Level 2 (present value of estimated future cash flows based on observable yield curves) and Level 3 (other techniques, such as discounted cash flow analysis). Level 3 financial instruments are those which have no quoted market prices or observable yield curves and for which significant inputs into the valuation are not based on observable market data.

The Company's available for sale financial assets are measured at fair value and were considered Level 3 financial instruments at 30 June 2019 and 2018. There were no transfers between levels during the year. There is no difference between the book value and the fair value of these financial assets.

13 Ordinary shares and share premium

	Number of shares	Ordinary shares £'000	Share premium £'000	Total £'000
Ordinary shares of £1 each				
At 1 July 2018	210	-	3,525	3,525
Movement during the year	-	-	-	-
At 30 June 2019	210	-	3,525	3,525

14 Financial and capital commitments

The company had no commitments for capital expenditure at 30 June 2019 (2018: none).

15 Related party transactions

At the balance sheet date, the company owed Linden Limited £1,309,900 (2018: £1,349,900) and Dorchester (Pompey) Limited £649,900 (2018: £669,900) in respect of an unsecured loan repayable on demand. During the year Linden Limited was paid £nil (2018: £nil) of interest on this loan and Dorchester (Pompey) Limited was paid £nil (2018: £nil) of interest on this loan.

Linden and Dorchester Portsmouth Limited

Notes to the Financial Statements (continued)

16 Post balance sheet events

The coronavirus (COVID-19) pandemic has had a significant impact on the company in 2020. In March 2020, following the announcement of the nationwide lockdown, the company commenced the closure of developments and commenced reopening towards the end of April 2020 in accordance with strict guidance and protocol from the Government, Public Health England and the HSE.

The company continues to prioritise the safety, health and wellbeing of its employees, customers and suppliers and seeks to support them during these unprecedented times.

Notwithstanding the strength of the Members' liquidity, the Company Board is taking prudent decisions to best support the business through this period of uncertainty, including measures to protect the Company's cash position, liquidity and maintain a robust balance sheet.

The UK Government has shown commitment to support the housebuilding industry through this national crisis and we will seek to utilise this support where appropriate and available to our business.

It is noted that there remains uncertainty around COVID-19 and how long the pandemic will continue to impact the UK and so it is difficult to reliably estimate the effect on the future financial position and results of the Company and the Member. The Company continues to monitor the changing environment and seeks to respond promptly and appropriately.

The Company has determined that these events are non-adjusting subsequent events and so no adjustment has been made to the financial statements for the year ended 30 June 2019 as a result.

No other matters have arisen since the year end that requires disclosure in the financial statements.

17 Ultimate parent company and controlling party

Linden and Dorchester Portsmouth Limited is jointly owned by Linden Limited and Dorchester (Pompey) Limited, with both companies sharing equal control.

The immediate parent undertaking of Linden Limited is Vistry Linden Limited (formerly Galliford Try Homes Limited), a company incorporated in England and Wales and the ultimate parent undertaking is Vistry Group plc (formerly Bovis Homes Group plc), a company incorporated in England and Wales. Until 3 January 2020, the ultimate parent company was Galliford Try plc, a company incorporated in England and Wales. This is the only company that consolidates the company's financial statements. Copies of the consolidated group financial statements are publicly available from Galliford Try plc, Cowley Business Park, Cowley, Uxbridge, UB8 2AL.

Dorchester (Pompey) Limited is a company incorporated in England and Wales and is jointly controlled by three individuals. There is no company that consolidates the company's financial statements. Copies of the financial statements are publicly available from 25 Manchester Square, London, W1U 3PY.