

# **TRAFALGAR ENTERPRISE HOLDINGS LIMITED**

Financial Statements

Year Ended

30 September 2017

Company Number 04281856

THURSDAY



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# TRAFALGAR ENTERPRISE HOLDINGS LIMITED

## Company Information

<b>Director</b>	M J Hughes
<b>Registered number</b>	04281856
<b>Registered office</b>	Suite 5 33 Queen Street Wolverhampton West Midlands WV1 3AP
<b>Auditor</b>	BDO LLP Citypoint 65 Haymarket Terrace Edinburgh EH12 5HD
<b>Bankers</b>	Bank of Scotland plc Lochside Avenue Edinburgh EH12 9DJ  Barclays Bank plc UK Banking Service Centre PO Box 299 Birmingham B1 3PF
<b>Solicitors</b>	Druces LLP Salisbury House London Wall London EC2M 5PS

# TRAFALGAR ENTERPRISE HOLDINGS LIMITED

Registered number: 04281856

## Balance Sheet As at 30 September 2017

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Investments	5	2	2
Investment property	6	900,000	900,000
		<u>900,002</u>	<u>900,002</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	7	130,140	132,540
Cash at bank and in hand	8	-	29,451
		<u>130,140</u>	<u>161,991</u>
Creditors: amounts falling due within one year	9	(3,630,000)	(3,874,820)
<b>Net current liabilities</b>		<u>(3,499,860)</u>	<u>(3,712,829)</u>
<b>Total assets less current liabilities</b>		<u>(2,599,858)</u>	<u>(2,812,827)</u>
<b>Provisions for liabilities</b>			
Deferred tax	11	(15,574)	(13,237)
		<u>(15,574)</u>	<u>(13,237)</u>
<b>Net liabilities</b>		<u><u>(2,615,432)</u></u>	<u><u>(2,826,064)</u></u>
<b>Capital and reserves</b>			
Called up share capital	12	2	2
Profit and loss account	13	(2,615,434)	(2,826,066)
		<u><u>(2,615,432)</u></u>	<u><u>(2,826,064)</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

The Company has opted not to file the statement of income and retained earnings in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23.07.2018



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**M J Hughes**

Director

The notes on pages 2 to 9 form part of these financial statements.

# **TRAFALGAR ENTERPRISE HOLDINGS LIMITED**

## **Notes to the Financial Statements For the period ended 30 September 2017**

### **1. General information**

Trafalgar Enterprise Holdings Limited is a private company limited by shares, incorporated in England and Wales with company number 04281856. The Company's registered address and principal activity is listed on the Company Information page and Director's Report respectively.

The presentational currency is GBP. The level of rounding is to the nearest GBP.

### **2. Accounting policies**

#### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

#### **2.2 Going concern**

The Director considers it appropriate to adopt the going concern basis as there are no material uncertainties related to events or conditions that may cast significant doubt over the ability of the company to continue as a going concern.

The Company made a profit during the year of £210,632 (2016 - loss £3,542,158) and at the balance sheet date had net liabilities of £2,615,432 (2016 - £2,826,064).

In October 2017 a deed of settlement was entered into with the Company's lender. This settlement resulted in the bank loan of the Company being written down to £725,000 and repaid in full. This repayment was funded by a combination of funds from a new lender and from the parent company, Embankment Holdings Limited. The Director and shareholder of the company has confirmed that he will continue to support the company for at least 12 months from the date of signing of these financial statements.

The Director has prepared budgets and cash flow forecasts for a period beyond 12 months from the date of signing of these financial statements. Based upon these projections the Director is satisfied that the Company has the necessary arrangements in place in order to continue as a going concern.

#### **2.3 Exemption from preparing consolidated financial statements**

The Company is a parent Company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

#### **2.4 Revenue recognition**

Revenue in relation to rental income is charged to the subsidiaries.

#### **2.5 Investment property**

Investment property is carried at fair value determined by external valuers derived from trading market value based on assessment of Fair Maintainable Trade. No depreciation is provided. Changes in fair value are recognised in the Statement of Income and Retained Earnings.

# **TRAFALGAR ENTERPRISE HOLDINGS LIMITED**

## **Notes to the Financial Statements For the period ended 30 September 2017**

### **2. Accounting policies (continued)**

#### **2.6 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

#### **2.7 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

#### **2.8 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

#### **2.9 Financial instruments**

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Income and Retained Earnings.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **2.10 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

#### **2.11 Operating leases: the Company as lessor**

Rentals income from operating leases is credited to the Statement of Income and Retained Earnings on a straight line basis over the term of the relevant lease.

#### **2.12 Borrowing costs**

All borrowing costs are recognised in the Statement of Income and Retained Earnings in the year in which they are incurred.

# TRAFALGAR ENTERPRISE HOLDINGS LIMITED

## Notes to the Financial Statements For the period ended 30 September 2017

### 2. Accounting policies (continued)

#### 2.13 Current and deferred taxation

Tax is recognised in the Statement of Income and Retained Earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the Director has identified the following areas which are deemed to be critical accounting policies or involve significant levels of estimation uncertainty.

#### Investment property

The valuation of the investment property is completed by relevant qualified individuals based on all of the latest relevant market data. This market data includes average occupancy rates, average weekly fees and comparable homes within the same geographical area.

#### Fixed asset investments

The Director assesses, on an annual basis, the fixed asset investments within the subsidiary companies for any indication impairment. The Director reviews the performance of the subsidiary companies in making his assessment.

### 4. Employees

The average monthly number of employees, including directors, during the year was 1 (2016 - 1).

# TRAFALGAR ENTERPRISE HOLDINGS LIMITED

## Notes to the Financial Statements For the period ended 30 September 2017

### 5. Fixed asset investments

	Investments in subsidiary companies £
<b>Cost</b>	
At 1 October 2016	2
At 30 September 2017	<u>2</u>
<b>Net book value</b>	
At 30 September 2017	<u>2</u>
At 30 September 2016	<u>2</u>

### Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Yorkshire Property Investment Fund Limited - 02377364	England and Wales	Ordinary	100 %	Provision of care home services.
Doncaster Property Investment Fund Limited - 02660244	England and Wales	Ordinary	100 %	Provision of care home services.
ECHD Limited - 04779768	England and Wales	Ordinary	100 %	Provision of care home services.
CCCHD Limited - 04779844	England and Wales	Ordinary	100 %	Provision of care home services.

Yorkshire Property Investment Fund Limited and Doncaster Property Investment Fund Limited own 100% of the ordinary share capital of ECHD Limited and CCCHD Limited respectively.

# TRAFALGAR ENTERPRISE HOLDINGS LIMITED

## Notes to the Financial Statements For the period ended 30 September 2017

### 5. Fixed asset investments (continued)

The aggregate of the share capital and reserves as at 30 September 2017 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £	Profit/(loss) £
Yorkshire Property Investment Fund Limited	(7,224)	(274,076)
Doncaster Property Investment Fund Limited	328,815	(116,622)
ECHD Limited	124,252	(167)
CCCHD Limited	43,627	365
	<u>489,470</u>	<u>(390,500)</u>

### 6. Investment property

	Freehold investment property £
<b>Valuation</b>	
At 1 October 2016	900,000
<b>At 30 September 2017</b>	<u>900,000</u>

The Investment property, including fixtures and fittings were valued by independent qualified valuers on 10 January 2017. The valuations were undertaken in accordance with the precise statement in the Royal Institution of Chartered Surveyors manual by CBRE, a firm of independent property valuers who conform to the Royal Institution of Chartered Surveyors manual requirements.

The valuation was provided as an opinion of the price at which interest in the investment property including the associated fixture and fittings, utilised in the business would have been transferred at the date of valuation assuming it will continue in its present use. The director consider that there is no material difference between this valuation and the value as at 30 September 2017.

If the Investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2017 £	2016 £
Historic cost	5,731,325	5,731,325
Accumulated depreciation and impairments	(4,849,325)	(4,831,325)
	<u>882,000</u>	<u>900,000</u>



# TRAFALGAR ENTERPRISE HOLDINGS LIMITED

## Notes to the Financial Statements For the period ended 30 September 2017

### 7. Debtors

	2017 £	2016 £
Amounts owed by group undertakings	<u>130,140</u>	<u>132,540</u>

### 8. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	-	29,451
Less: bank overdrafts	<u>(40,245)</u>	<u>-</u>

### 9. Creditors: Amounts falling due within one year

	2017 £	2016 £
Bank overdrafts	40,245	-
Bank loans	2,824,314	2,757,587
Amounts owed to group undertakings	677,065	1,079,477
Corporation tax	80,433	26,963
Other creditors	7,943	10,793
	<u>3,630,000</u>	<u>3,874,820</u>

#### Secured loans

The bank loan is secured by a standard security over the following properties, Ernelesthrop Care Home and China Cottage Nursing Home included within land and buildings together with a debenture over all the assets of the Company and its subsidiaries.

### 10. Loans

Analysis of the maturity of loans is given below:

	2017 £	2016 £
<b>Amounts falling due within one year</b>		
Bank loans	<u>2,824,314</u>	<u>2,757,587</u>

# TRAFALGAR ENTERPRISE HOLDINGS LIMITED

## Notes to the Financial Statements For the period ended 30 September 2017

### 11. Deferred taxation

	2017 £
At beginning of year	(13,237)
Charged to profit or loss	(2,337)
<b>At end of year</b>	<b>(15,574)</b>

The provision for deferred taxation is made up as follows:

	2017 £	2016 £
Accelerated capital allowances	(15,574)	(13,237)

### 12. Share capital

	2017 £	2016 £
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
2 Ordinary shares of £1 each	2	2

Called up share capital reserve represents the nominal value of the shares issued. All Ordinary shares have equal voting and dividend rights.

### 13. Reserves

#### Profit & loss account

The profit and loss account represents the accumulated profits and losses on the activities of the Company.

### 14. Contingent liabilities

The Company, together with other members of the Group have each granted a cross guarantee to secure banking facilities. The contingent liability at the Balance Sheet date amounted to £Nil (2016 - £Nil).

### 15. Rental income under operating leases

The Company rents its freehold properties to its subsidiaries. However, there is no formal rental agreement in place, therefore, there is no minimum rental income due.

# TRAFALGAR ENTERPRISE HOLDINGS LIMITED

## Notes to the Financial Statements For the period ended 30 September 2017

### 16. Post balance sheet events

In October 2017 a deed of settlement was entered into with the Company's lender. This settlement resulted in the bank loan of the Company being written down to £725,000 and repaid in full. This repayment was funded by a combination of funds from a new lender and from the parent company, Embankment Holdings Limited. In accordance with FRS 102 this settlement is treated as a non-adjusting post balance sheet event.

### 17. Controlling party

The immediate parent company is Embankment Holdings Limited (company number 04754910).

The parent undertaking of the largest and smallest group for which consolidated financial statements are prepared is Embankment Holdings Limited. The registered office of Embankment Holdings Limited is the same as the Company. Consolidated financial statements are available from Companies House, Cardiff, CF14 3UZ.

### 18. Auditor's information

The auditor's report on the financial statements for the year ended 30 September 2017 was unqualified.

The audit report was signed on \_\_\_\_\_ by Barbara Southern (Senior Statutory Auditor) on behalf of BDO LLP.

24 JULY 2018