

Statutory Copy

SPENCER PROPERTIES (UK) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

Company Registration No. 04707516 (England and Wales)

SPENCER PROPERTIES (UK) LIMITED

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SPENCER PROPERTIES (UK) LIMITED

BALANCE SHEET

AS AT 31 MARCH 2021

| | Notes | 2021 £ | £ | 2020 £ | £ |
|--|-------|-------------------|--------------------|-------------------|--------------------|
| Fixed assets | | | | | |
| Tangible assets | 4 | 442,262 | | 422,592 | |
| Investment properties | 5 | 16,082,793 | | 16,082,793 | |
| Investments | 6 | 361,932 | | 361,932 | |
| | | <u>16,886,987</u> | | <u>16,867,317</u> | |
| Current assets | | | | | |
| Debtors | 7 | 290,341 | | 266,580 | |
| Cash at bank and in hand | | 521,480 | | 458,850 | |
| | | <u>811,821</u> | | <u>725,430</u> | |
| Creditors: amounts falling due within one year | 8 | <u>(375,812)</u> | | <u>(451,549)</u> | |
| Net current assets | | | 436,009 | | 273,881 |
| Total assets less current liabilities | | | 17,322,996 | | 17,141,198 |
| Creditors: amounts falling due after more than one year | 9 | | <u>(8,316,022)</u> | | <u>(8,451,807)</u> |
| Net assets | | | <u>9,006,974</u> | | <u>8,689,391</u> |
| Capital and reserves | | | | | |
| Called up share capital | | | 6,830,166 | | 6,830,166 |
| Profit and loss reserves | | | 2,176,808 | | 1,859,225 |
| Total equity | | | <u>9,006,974</u> | | <u>8,689,391</u> |

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

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

The financial statements were approved by the board of directors and authorised for issue on 17 December 2021 and are signed on its behalf by:

Mr J D Spencer
Director

Company Registration No. 04707516

SPENCER PROPERTIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

Company information

Spencer Properties (UK) Limited is a private company limited by shares incorporated in England and Wales. The registered office is 18 Headingley Lane, Leeds, LS6 2AS.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 383 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

The directors do not consider the Covid-19 pandemic to have created a material uncertainty in relation to the going concern of the company. Further details has been included in the events after the reporting date note.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|--------------------------------|--|
| Land and buildings Freehold | 2% straight line |
| Fixtures, fittings & equipment | 25% reducing balance basis and 33% straight line basis |
| Motor vehicles | 25% reducing balance basis. |

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

SPENCER PROPERTIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.5 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured using the fair value model and stated at its fair value as the reporting end date. The surplus or deficit on revaluation is recognised in the profit and loss account.

1.6 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

SPENCER PROPERTIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.9 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.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

SPENCER PROPERTIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

No provision has been made for deferred tax on gains recognised on revaluing property to its market value as the company does not intend to sell the revalued assets.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

1.16 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

SPENCER PROPERTIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

| | 2021 Number | 2020 Number |
|-------|----------------|----------------|
| Total | 11 | 11 |

4 Tangible fixed assets

| | Land and buildings | Plant and machinery etc | Total |
|------------------------------------|-----------------------|----------------------------|---------|
| | £ | £ | £ |
| Cost | | | |
| At 1 April 2020 | 420,000 | 97,526 | 517,526 |
| Additions | - | 27,101 | 27,101 |
| At 31 March 2021 | 420,000 | 124,627 | 544,627 |
| Depreciation and impairment | | | |
| At 1 April 2020 | - | 94,934 | 94,934 |
| Depreciation charged in the year | - | 7,431 | 7,431 |
| At 31 March 2021 | - | 102,365 | 102,365 |
| Carrying amount | | | |
| At 31 March 2021 | 420,000 | 22,262 | 442,262 |
| At 31 March 2020 | 420,000 | 2,592 | 422,592 |

SPENCER PROPERTIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

5 Investment property

| | 2021 £ |
|-----------------------------------|------------|
| Fair value | |
| At 1 April 2020 and 31 March 2021 | 16,082,793 |

On historical cost basis the investment property is valued at £15,933,606 (2020: £15,828,767).

The investment properties have been valued on an open market basis on 6 February 2020 by CBRE Limited, who are not connected with the company, for £16,035,000.

The current value of the investment properties included in the financial statements is the CBRE Limited valuation of £16,035,000 plus any additions since 6 February 2020.

The directors believe that the value of the properties has not significantly changed since this date and the year end.

6 Fixed asset investments

| | 2021 £ | 2020 £ |
|--|-----------|-----------|
| Shares in group undertakings and participating interests | 361,932 | 361,932 |

Fixed asset investments not carried at market value

The investments in subsidiaries are all stated at cost.

At the time of approving the financial statements of Letters of Leeds Limited, the directors of Spencer Properties UK Limited, as the parent company have provided assurances that they will continue to support Letters of Leeds Limited despite showing a negative equity. The directors have continued to adopt the going concern basis of accounting in preparing the financial statements.

7 Debtors

| | 2021 £ | 2020 £ |
|---|-----------|-----------|
| Amounts falling due within one year: | | |
| Trade debtors | 9,288 | 6,792 |
| Amounts owed by group undertakings | 6,856 | 10,456 |
| Other debtors | 274,197 | 249,332 |
| | 290,341 | 266,580 |

SPENCER PROPERTIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

8 Creditors: amounts falling due within one year

| | 2021 £ | 2020 £ |
|------------------------------------|----------------|----------------|
| Bank loans | 70,000 | - |
| Trade creditors | 28,952 | 78,872 |
| Corporation tax | 73,745 | 41,423 |
| Other taxation and social security | - | 18,555 |
| Other creditors | 203,115 | 312,699 |
| | <u>375,812</u> | <u>451,549</u> |

9 Creditors: amounts falling due after more than one year

| | 2021 £ | 2020 £ |
|---------------------------|------------------|------------------|
| Bank loans and overdrafts | 8,310,000 | 8,450,000 |
| Other creditors | 6,022 | 1,807 |
| | <u>8,316,022</u> | <u>8,451,807</u> |

10 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Alison Whalley and the auditor was Naylor Wintersgill Limited.

11 Events after the reporting date

During 2020 and into 2021 the Covid-19 pandemic has impacted businesses and the economy in the United Kingdom and worldwide. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide resulting in an economic slowdown.

The duration and impact of the Covid-19 pandemic remains unclear at this time, however the company has carried out a review of the impact that Covid-19 might have on the business. Directors have undertaken research, used published Government advice and consulted with key customers, key suppliers and fellow group companies.

The directors have confidence that the company is well placed to cope with the disruption as a result of Covid-19 and believe all reasonable steps have been undertaken to safeguard the future of the business.

SPENCER PROPERTIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

12 Related party transactions

Remuneration of key management personnel

| | 2021 £ | 2020 £ |
|------------------------|-----------|-----------|
| Aggregate compensation | 27,957 | 27,957 |

Transactions with related parties

During the year the company entered into the following transactions with companies with common directors:

| | Sale of goods | | Purchase of goods | |
|-------------------|---------------|-----------|-------------------|-----------|
| | 2021 £ | 2020 £ | 2021 £ | 2020 £ |
| Related Companies | 130,500 | 130,500 | 5,760 | 5,760 |

Amounts owed to related parties

| | 2021 £ | 2020 £ |
|-------------------|-----------|-----------|
| Related Companies | - | 917 |

Amounts owed by related parties 2021

Balance
£

Net
£

Amounts owed by related parties 2020

Balance
£

Net
£

| | | | | |
|-------------------|---------|---------|--------|--------|
| Related Companies | 111,549 | 111,549 | 73,103 | 73,103 |
| | 111,549 | 111,549 | 73,103 | 73,103 |

SPENCER PROPERTIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

13 Directors' transactions

Interest free loans have been granted by the directors to the company as follows:

| Description | % Rate | Opening balance £ | Amounts repaid £ | Closing balance £ |
|------------------------|--------|-------------------------|---------------------|----------------------|
| Directors Loan Account | - | 101,807 | (101,807) | - |
| | | <u>101,807</u> | <u>(101,807)</u> | <u>-</u> |

14 Controlling party

The company is under the control of the trustees of The Spencer Family Trust. The service address is 18 Headingley Lane, Leeds, LS6 2AS.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.