

ABBHEY COMMERCIAL LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018



ABBHEY COMMERCIAL LTD

COMPANY INFORMATION

Directors

B Ackerman
N Ackerman

Registered number

04827515

Registered office

113 Brent Street
London
NW4 2DX

Independent auditors

Wilder Coe Ltd
Chartered Accountants & Statutory Auditors
1st Floor Sackville House
143-149 Fenchurch Street
London
EC3M 6BL

ABBAY COMMERCIAL LTD

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ABBHEY COMMERCIAL LTD

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Introduction

The directors present their Strategic Report for the year ended 31 December 2018.

The Company is a member of the Bana One Ltd group of companies. Bana One Ltd prepares consolidated accounts which contain a Strategic Report for the entire group.

The Business Review below relates only to the Company and its own subsidiaries, hereafter "the Group".

Business Review

In February 2018, the Company sold eight properties valued at £18.1m to two group companies. The proceeds were used to pay down the bank loan by £13.4m. The Company sold one further property in the year, generating a profit of £1.4m.

The sale of these properties resulted in the loss of rental income from these properties. Yet the Company's base rental income for the year has increased slightly to £12.42m, reflecting new lettings, upward rent reviews and completion of a number of residential conversions resulting in new units generating rents.

The Group's short and medium terms objectives continue to be:

- To refinance the Lloyds loan facility which expires in November 2019
- This will enable us to fund future capital projects, including the construction of new residential houses and flats, and the refurbishment and reconfiguration of commercial space.
- To actively manage and enhance the value of the portfolio
- To secure planning permission for key projects
- Larger development projects will be pursued and self-funded by other group companies
- To maintain strong occupancy levels and closely monitor voids and tenant arrears

Principal risks and uncertainties

The principal issue facing the Group at the date of this report is the repayment of the £111m loan to Lloyds Bank due in November 2019. We have maintained an excellent relationships with Lloyds, as with our other lenders. This Group's portfolio has performed strongly over the course of the five year loan term, and we are progressing towards a long-term refinancing, with interest-rate hedging, which will reflect the value generated over the course of the past five years of intensive management and capital expenditure.

The challenges that landlords currently face from tenant insolvencies and restructuring arrangements, and the wider malaise on the High Street, are well-publicised. We are not immune to these pressures. The Group derives two-thirds of its revenues from commercial rents.

We remain confident that our well-diversified portfolio, our broad spread of commercial tenants, and our policy to hold rent deposits where possible, affords some measure of protection against the turbulence that most commentators predict for the post-Brexit era.

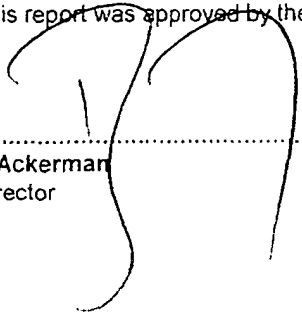
In addition, the Group owns a sizeable residential portfolio in London and the South of England, which has performed robustly and continues to achieve high occupancy rates.

We continue to invest for the long-term, and see not only threats but also opportunities.

ABBHEY COMMERCIAL LTD

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

This report was approved by the board on 26 September 2018 and signed on its behalf.


.....
B Ackerman
Director

ABBAY COMMERCIAL LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report and the audited financial statements for the year ended 31 December 2018.

Principal activity

The principal activity of the Company is that of property investment.

Directors

The directors who served during the year were:

B Ackerman

N Ackerman

Results and dividends

The profit for the year, after taxation, amounted to £3,582,144 (2017 - £46,739,641).

An interim dividend was paid on 23 February 2018 totalling £2,300,000 (2017: £1,750,000). The directors do not recommend payment of a final dividend.

Auditors

The auditors, Wilder Coe Ltd, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments 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 to 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.

ABBHEY COMMERCIAL LTD

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This report was approved by the board on 26 September 2019 and signed on its behalf.



B Ackerman
Director

ABBHEY COMMERCIAL LTD

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ABBHEY COMMERCIAL LTD

Opinion

We have audited the financial statements of Abbey Commercial Ltd (the 'Company') for the year ended 31 December 2018, which comprise the Statement of Income and Retained Earnings, the Balance Sheet and the related notes, 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of 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 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 Auditors' responsibilities for the audit of the 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 United Kingdom, including the Financial Reporting Council'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.

ABBAY COMMERCIAL LTD

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ABBAY COMMERCIAL LTD (CONTINUED)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. 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.

Opinion 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have 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 Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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; or
- we have not received all the information and explanations we require for our audit.

ABBEY COMMERCIAL LTD

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ABBEY COMMERCIAL LTD (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 3, 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.

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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

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 so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Mark Saunders BA FCA (Senior Statutory Auditor)
for and on behalf of



Wilder Coe Ltd
Chartered Accountants & Statutory Auditors
1st Floor Sackville House
143-149 Fenchurch Street
London
EC3M 6BL
Date: 26 September 2019

ABBAY COMMERCIAL LTD

STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £	2017 £
Turnover	4	13,961,778	13,882,611
Cost of sales		(6,126,261)	(7,026,043)
Gross profit		7,835,517	6,856,568
Administrative expenses		(10,172)	(7,842)
Operating profit		7,825,345	6,848,726
Income from fixed assets investments	6	-	3,750,000
Interest receivable and similar income	7	5,810	64
Interest payable and similar expenses	8	(4,656,984)	(5,050,881)
Profit on disposal of investment properties		309,458	-
Revaluation of investment properties	11	3,000,000	48,344,022
Impairment of fixed asset investments	12	(3,000,000)	-
Profit before tax		3,483,629	53,891,931
Taxation	9	98,515	(7,152,290)
Profit after tax		3,582,144	46,739,641
Retained earnings at the beginning of the year		48,368,800	3,379,159
Profit for the year		3,582,144	46,739,641
Dividends declared and paid	10	(2,300,000)	(1,750,000)
Retained earnings at the end of the year		49,650,944	48,368,800

The notes on pages 10 to 21 form part of these financial statements.

ABBEY COMMERCIAL LTD
REGISTERED NUMBER: 04827515

BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Fixed assets			
Investment properties	11	209,807,886	224,133,224
Investments	12	17,768,321	17,659,002
		<u>227,576,207</u>	<u>241,792,226</u>
Current assets			
Debtors	13	12,201,878	13,449,746
Cash at bank and in hand		7,009,241	4,021,978
		<u>19,211,119</u>	<u>17,471,724</u>
Creditors: amounts falling due within one year	14	(123,360,980)	(7,693,589)
Net current (liabilities)/assets		<u>(104,149,861)</u>	<u>9,778,135</u>
Total assets less current liabilities		<u>123,426,346</u>	<u>251,570,361</u>
Creditors: amounts falling due after more than one year	15	-	(128,914,919)
Provision for liabilities	16	(16,297,133)	(16,808,373)
Net assets		<u><u>107,129,213</u></u>	<u><u>105,847,069</u></u>
Capital and reserves			
Allotted, called up and fully paid share capital	17	4	4
Share premium account		57,478,265	57,478,265
Profit and loss account	20	49,650,944	48,368,800
Total equity		<u><u>107,129,213</u></u>	<u><u>105,847,069</u></u>

The financial statements were approved and authorised for issue by the board of directors and authorised for issue on 26 September 2019 and were signed on its behalf by:

.....
B Ackerman
Director

The notes on pages 10 to 21 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. General information

Abbey Commercial Ltd (Company number: 04827515) is a private company limited by shares, incorporated in England and Wales. The registered office is 113 Brent Street, London, NW4 2DX. The trading address is the same as the registered office.

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 Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

The Company has taken advantage from the exemption in Financial Reporting Standard 102, Section 33.1A not to disclose transactions with group entities which are wholly owned by a member of the group.

These financial statements are not consolidated because the Company is included within the financial statements of a larger group with a parent in an EEA state. Details of these consolidated financial statements are given below.

Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 'Statement of Cash Flows';
- the requirements of Section 3 'Financial Statement Presentation' paragraph 3.17(d); and
- the requirements of Section 33 'Related Party Disclosures' paragraph 33.1A

This information is included in the consolidated financial statements of Bana One Limited as at 31 December 2018 and these financial statements may be obtained from 113 Brent Street, London, NW4 2DX.

2.2 Turnover

Turnover comprises rental and other property related income exclusive of Value Added Tax.

Turnover in respect of rental income, lease premiums, insurance and other recharges of property related expenditure is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding Value Added Tax.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.3 Investment properties

Investment properties are carried at fair value, determined annually by the directors on the basis of open market values for its current use. No depreciation is provided in relation to investment properties. Changes in fair value are recognised in the Statement of Income and Retained Earnings.

2.4 Fixed asset investments

Investments in subsidiaries are measured at cost less accumulated impairment. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in the Statement of Income and Retained Earnings.

2.5 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.6 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 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 rate 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.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans and other loans including loans from fellow group companies, are initially recognised at transaction price.

Short-term creditors are measured at cost/transaction price and not amortised.

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

Other financial liabilities

Derivatives, including interest rate swaps, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at each reporting date at their fair value. Changes in the fair value of derivatives are recognised in the Statement of Income and Retained Earnings, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.7 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax.

The current corporation tax charge 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 and laws that have been enacted or substantively enacted by the Balance Sheet date.

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 is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

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

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Directors Valuation of Investment Properties

When properties are not formally valued by 3rd party valuers, they are valued by a director who is a chartered surveyor. In arriving at valuations, the director must make judgements about the specific circumstances of each property, as well as macro-economic conditions.

ABBAY COMMERCIAL LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

4. Turnover

An analysis of turnover by class of business is as follows:

	2018 £	2017 £
Rent receivable	12,416,508	12,363,360
Lease premiums	59,000	184,200
Other income	1,486,270	1,335,051
	<u>13,961,778</u>	<u>13,882,611</u>

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	<u>13,961,778</u>	<u>13,882,611</u>

5. Employees

The average monthly number of employees, including the directors, during the year was as follows:

	2018 No.	2017 No.
Directors	<u>2</u>	<u>2</u>

ABBHEY COMMERCIAL LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

6. Income from fixed asset investments

	2018 £	2017 £
Dividends received from subsidiary	-	3,750,000

7. Interest receivable and similar income

	2018 £	2017 £
Other interest receivable	5,810	64

8. Interest payable and similar expenses

	2018 £	2017 £
Bank interest payable	6,052,649	6,532,193
Fair value adjustments on interest rate swaps	(1,395,665)	(1,481,312)
	<u>4,656,984</u>	<u>5,050,881</u>

ABBEY COMMERCIAL LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

9. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	412,725	-
Deferred tax		
Origination and reversal of timing differences	(511,240)	7,152,290
	<hr/>	<hr/>
Total tax charge for the year	(98,515)	7,152,290
	<hr/>	<hr/>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - *lower than*) the standard rate of corporation tax in the UK of 19% (2017 - 19%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	3,483,629	53,891,931
	<hr/>	<hr/>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19%)	661,890	10,239,467
Effects of:		
Income not taxable	(10,640)	(747,270)
Chargeable gains	-	31,293
Deferred tax charge	(511,240)	7,152,290
Other timing differences	129	(84,142)
Changes in fair value of property not taxable	(570,000)	(9,185,364)
Utilisation of group and non-trade financial losses	(397,615)	(256,061)
Capital allowances for year in excess of depreciation	(11,549)	(13,613)
Expenses not deductible for tax purposes	740,510	15,690
	<hr/>	<hr/>
Total tax (credit)/charge for the year	(98,515)	7,152,290
	<hr/>	<hr/>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

ABBHEY COMMERCIAL LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

10. Dividends declared and paid

	2018 £	2017 £
Dividends paid	2,300,000	1,750,000

11. Investment properties

	Freehold property £	Long leasehold property £	Total £
Fair value			
At 1 January 2018 (as previously stated)	224,133,224	-	224,133,224
Transfer between asset classes	(3,975,000)	3,975,000	-
At 1 January 2018 (as restated)	220,158,224	3,975,000	224,133,224
Capital expenditure	1,753,783	225,879	1,979,662
Sales to group companies	(18,315,000)	-	(18,315,000)
Sales to other parties	(990,000)	-	(990,000)
Revaluations	3,000,000	-	3,000,000
At 31 December 2018	205,607,007	4,200,879	209,807,886

There has been a transfer between classes to correctly reflect the nature of the investment properties held.

As reported in the table above, in February 2018 the Company sold property worth £18,315,000 to two other group companies. The sales price was adjusted for deferred tax, in order that the disposals occurred at "no gain no loss" for tax purposes. This has resulted in a book loss on disposal, and corresponding profit on reversal of deferred tax provisions- see Note 16

Refer to Note 12 for the background to the £3,000,000 uplift in valuation shown above.

ABBAY COMMERCIAL LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

12. Fixed asset investments

	Investments in subsidiary companies £
Cost	
At 1 January 2018	17,659,002
Additions	3,109,319
At 31 December 2018	<u>20,768,321</u>
Impairment	
Charge for the period	3,000,000
At 31 December 2018	<u>3,000,000</u>
Net book value	
At 31 December 2018	<u>17,768,321</u>
At 31 December 2017	<u>17,659,002</u>

In October, 2018, the Company purchased the entire share capital of Banta Estates Ltd. Subsequently, Banta Estates Ltd surrendered its head lease interest in a property where the Company is the freeholder. This is the reason for the impairment charge above, and the corresponding £3,000,000 upward revaluation reported in Note 11.

Direct subsidiary undertakings

The following were direct subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
Banta Estates Ltd	Property investment	Ordinary	100%
CH Chesterford Limited	Property investment	Ordinary	100%
Downham Limited	Property investment	Ordinary	100%
Sledgehammer Holdings Company Limited	Property investment	Ordinary	100%
Vinehall Estates Limited	Property investment	Ordinary	100%

ABBAY COMMERCIAL LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

12. Fixed asset investments (continued)

Indirect subsidiary undertakings

The following were indirect subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
Sledgehammer Properties Limited	Property investment	Ordinary	100%
Roadrunner Properties Limited	Property investment	Ordinary	100%
Downham (Nominees) Ltd	Dormant	Ordinary	100%
Vinehall (Nominees) Ltd	Dormant	Ordinary	100%

All of the above companies have their registered office at 113 Brent Street, London, NW4 2DX.

13. Debtors

	2018	2017
	£	£
Amounts falling due within one year		
Trade debtors	440,753	380,560
Amounts owed by group companies	8,974,459	10,628,803
Other debtors	1,705,651	1,754,919
Prepayments and accrued income	1,081,015	685,464
	12,201,878	13,449,746

14. Creditors: Amounts falling due within one year

	2018	2017
	£	£
Bank loans (secured - see note 15)	112,195,427	-
Interest rate swap liability	1,026,468	-
Trade creditors	250,790	798,719
Amounts owed to group undertakings	4,337,035	2,679,018
Corporation tax	412,725	-
Other creditors	1,858,712	1,341,289
Accruals and deferred income	3,279,823	2,874,563
	123,360,980	7,693,589

The term loan expires in November 2019 and the Company is progressing with the refinancing of this facility. More details are given in the Strategic Report on pages 1-2.

ABBHEY COMMERCIAL LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

15. Creditors: Amounts falling due after more than one year

	2018	2017
	£	£
Bank loans (secured - see below)	-	126,492,786
Interest rate swap liability	-	2,422,133
	<u>-</u>	<u>128,914,919</u>

Secured loans

The bank loan is secured by fixed legal charges over the properties to which it relates, including properties owned by subsidiaries and a floating charge over the assets of the Company.

16. Deferred taxation

	2018	2017
	£	£
At beginning of year	16,808,373	9,656,083
(Credited)/charged to profit and loss	(511,240)	7,152,290
At end of year	<u>16,297,133</u>	<u>16,808,373</u>

The provision for deferred taxation is made up as follows:

	2018	2017
	£	£
Revaluation of investment properties	<u>16,297,133</u>	<u>16,808,373</u>

Included in the net amount credited to the Statement of Income and Retained Earnings is a credit balance of £918,401 relating to the reversal of the deferred tax provisions relating to properties sold to other group companies in the year.

17. Share capital

	2018	2017
	£	£
Allotted, called up and fully paid		
4 Ordinary shares of £1.00 each	<u>4</u>	<u>4</u>

ABBAY COMMERCIAL LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

18. Related party transactions

The Company has taken advantage of the exemption available in FRS 102 section 33.1A 'Transactions with group members' whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.

Included within trade creditors are amounts due to a related company under common control of £45,424 (2017: £98,558).

During the year, management fees of £1,319,132 (2017: £1,495,734) were payable to a related company under common control.

19. Controlling party

As at 31 December 2018 and 31 December 2017, the immediate parent undertaking was Bana One L1 Ltd, a company incorporated in England and Wales.

As at 31 December 2018 and 31 December 2017, the ultimate parent undertaking was Bana One Limited, a company registered in England and Wales.

Bana One Limited prepares group financial statements and copies can be obtained from 113 Brent Street, London, NW4 2DX.

As at 31 December 2018 and 31 December 2017, B Ackerman was the ultimate controlling party of Bana One Limited.

20. Reserves

As at 31 December 2018 there were distributable reserves of £2,382,318 (2017: £2,051,414). The non-distributable component as at 31 December 2018 was £47,268,626 (2017: £46,317,386).