Burford Beta Holdings Limited

Annual report and consolidated financial statements

31 March 2019

Registered number 04882988

Burford Beta Holdings Limited
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Contents

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Strategic report

Principal activity
The principal activity of the Group is property development and trading. The Group holds properties in the commercial property sector.

Business review and future developments
For the year ended 31 March 2019, the Group made a profit before tax of £5.5m (2018: £1.1m loss). The Group had net assets of £6.0m (2018: £0.3m) at the year end.

Principal risks and uncertainties
The Group is subject to risks such as damage to properties by flood, fire or terrorist action and increases in the cost of borrowing. The Group takes measures where possible to mitigate these risks such as insurance and monitoring interest rate borrowing.

Following the completion on the sale of a property by a group undertaking, the loan was repaid in full in May 2018.

Financial risk management policies and objectives
As stated above, the Group was financed by an external loan and paid interest which was charged at a fixed rate. The loan was due to be repaid by 12 December 2018 but was repaid in full in May 2018 following the sale of a property by the Group.

Position of the Company at the year end and future prospects
Looking forward, although the economic outlook is uncertain, the Group will continue to focus on selling its remaining property to generate revenue to discharge the group's debt and tax liabilities and make further distributions to shareholders. It is not looking for properties in the UK.

Key performance indicators
Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using KPI's is not necessary for an understanding of the development, performance or position of the business.

By Order of the Board

J GLEEK

J Gleek
Director

Richmond House
Avonmouth Way
Avonmouth
Bristol BS11 8DE

24 March 2020

Burford Beta Holdings Limited

Registered number 04882988

Directors' report

The directors submit their report and Group and Company consolidated financial statements for the year ended 31 March 2019.

Directors

The directors who served during the year and subsequently were as follows: -

RJ Anderson Resigned 20 August 2018
J Gleek
B Porter

Dividends

The Company did not pay an interim dividend in the year (2018: £nil) and the directors do not propose a final dividend (2018: £nil).

Political and charitable donations

During the current year and the preceding year, the Group made no charitable donations. No donations were made to political parties.

Payment policy

The policy of the Group and the Company is to pay suppliers by the date specific to each transaction. The Group and Company do not follow any specific supplier code or practice and the Group and Company adhere to the payment terms of its suppliers stated in their invoice.

By Order of the Board

J GLEEK

J Gleek
Director

Richmond House
Avonmouth Way
Avonmouth
Bristol BS11 8DE

24 March 2020

Statement of Directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements

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 they have elected to prepare the Group and Parent Company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS102 *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 Group and the Parent Company and of their profit or loss for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and the Parent Company and to prevent and detect fraud and other irregularities.

Burford Beta Holdings Limited
Registered number 04882988

Consolidated profit and loss account
for the year ended 31 March 2019

	Note	**31 March 2019 £000**	31 March 2018 £000
Turnover	2	**11,400**	-
Cost of sales	3	**(5,674)**	(18)
Gross profit / (loss)		**5,726**	(18)
Administrative expenses		**(124)**	(126)
Fair value of current investment		**14,512**	13,169
Profit on disposal of subsidiary		**-**	-
Total operating profit		**20,114**	13,025
Interest receivable and similar income		**2**	-
Interest payable and similar charges	5	**(14,580)**	(14,102)
Profit / (loss) on ordinary activities before taxation		**5,536**	(1,077)
Taxation	7	**97**	(126)
Profit / (loss) for the financial year		**5,633**	(1,203)

The notes on pages 9 to 15 form part of these financial statements.

All activities derive from continuing operations.

There are no recognised gains or losses other than those reported above.

Burford Beta Holdings Limited
Registered number 04882988

Consolidated balance sheet
as at 31 March 2019

	Note	31 March 2019 £000	31 March 2018 £000
Current assets			
Current investments	9	**406,379**	391,867
Stocks	10	**10,422**	15,598
Debtors: amounts falling due within one year	12	**7,770**	428
Cash at bank and in hand		**575**	620
		425,146	408,513
Creditors: amounts falling due within one year	13	**(419,188)**	(408,188)
Net current assets		**5,958**	325
Total assets less current liabilities		**5,958**	325
Creditors: amounts falling due after more than one year		**-**	-
Net assets		**5,958**	325
Capital and reserves			
Called up share capital	16	**10**	10
Profit and loss account		**5,948**	315
Equity shareholders' funds		**5,958**	325

The notes on pages 9 to 15 form part of these financial statements.

For the year ending 31 March 2019, the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

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

These financial statements were approved by the board of directors on 24 March 2020 and were signed on its behalf by:

J GLEEK

J Gleek
Director

Burford Beta Holdings Limited
Registered number 04882988

Company balance sheet
as at 31 March 2019

	Note	31 March 2019 £000	31 March 2018 £000
Fixed assets			
Investment in subsidiaries	8	-	-
Current assets			
Debtors: amounts falling due after more than one year	11	2,375	320
Creditors: amounts falling due within one year	13	(36)	(65)
Net current assets		2,339	255
Net assets		2,339	255
Capital and reserves			
Called up share capital	15	10	10
Profit and loss account		2,329	245
Equity shareholders' funds		2,339	255

The notes on pages 9 to 15 form part of these financial statements.

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The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

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

These financial statements were approved by the board of directors on 24 March 2020 and were signed on its behalf by:

J GLEEK

J Gleek
Director

Burford Beta Holdings Limited
Registered number 04882988

Consolidated cash flow statement
for the year ended 31 March 2019

	31 March 2019 £000	31 March 2018 £000
Cash flows from operating activities		
Profit / (loss) for the year	**5,633**	(1,203)
Adjustments for:		
Fair value of current investment	**(14,512)**	(13,169)
Interest paid	**14,580**	14,102
Interest received	**(2)**	-
Tax refunded	**-**	-
	5,699	(270)
Tax refunded	**-**	-
(Increase)/decrease in stocks	**5,176**	(78)
(Increase)/decrease in trade and other debtors	**(7,343)**	(179)
Increase/(decrease) in trade and other creditors	**(455)**	424
Net cash from operating activities	**3,077**	(103)
Cash flows from investing activities		
Interest received	**2**	-
Net cash from investing activities	**2**	-
Cash flows from financing activities		
Interest paid	**(68)**	(320)
Loan drawdown / (repaid)	**(3,056)**	599
Net cash from financing activities	**(3,124)**	279
Net decrease in cash and cash equivalents	**(45)**	176
Cash and cash equivalents at 1 April	**620**	444
Cash and cash equivalents at 31 March	**575**	620

The notes on pages 9 to 15 form part of these financial statements.

Burford Beta Holdings Limited
Registered number 04882988

Statements of changes in equity

Group	Share capital £000	Profit and loss account £000	**Total £000**
At 1 April 2018	10	315	**325**
Profit for the year	-	5,633	**5,633**
Balance at 31 March 2019	10	2,399	**5,958**

Company	Share capital £000	Profit and loss account £000	**Total £000**
At 1 April 2018	10	245	**255**
Profit for the year	-	2,084	**2,084**
Balance at 31 March 2019	10	2,329	**2,339**

Group	Share capital £000	Profit and loss account £000	**Total £000**
At 1 April 2017	10	1,518	**1,528**
Loss for the year	-	(1,203)	**(1,203)**
Balance at 31 March 2018	10	315	**325**

Company	Share capital £000	Profit and loss account £000	**Total £000**
At 1 April 2017	10	1,398	**1,408**
Loss for the year	-	(1,153)	**(1,153)**
Balance at 31 March 2018	10	245	**255**

The notes on pages 9 to 15 form part of these financial statements.

Notes to the financial statements

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation
The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS102"), and the requirements of the Companies Act 2006.

Going concern
The financial statements have been prepared on the going concern basis and the Group's directors believe this is appropriate for the following reasons.

Following a Court of Appeal decision in favour of HMRC, the Group was liable to pay £12.6m for corporation tax and interest relating to a former group undertaking. On 26 November 2018 agreement was reached with the Administrator acting for HMRC to cap the corporation tax plus interest to £10.97m on the basis that the remaining property in the wider group could be sold and the cash thereby generated will be sufficient to the settle the tax liability.

Further, during the year, the Group completed on the sale of one of its properties and repaid the bank loan in full in May 2018 and the Group continues to meet its interest payments from existing cash resources.

The directors acknowledge that, at the date of approval of these financial statements, there can be no certainty that the remaining property will be sold within the necessary time frame at their carrying values. Accordingly, the directors consider that these matters represent a material uncertainty that may cast significant doubt upon the Group's and Company's ability to continue as a going concern and, therefore, that they may be unable to realise their assets and discharge their liabilities in the normal course of business.

However, after making enquiries and considering the uncertainties described above, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For these reasons, the directors consider it appropriate to prepare the financial statements on a going concern basis.

Group financial statements
The consolidated financial statements of the Group incorporate the assets and liabilities of the Company and its subsidiary undertakings and the results for the year when they were part of the Group. Results of the subsidiary and associated companies acquired during the year are included from the date of acquisition. Results of subsidiaries and associates disposed of during the year are included up to the date of disposal.

As permitted by Section 408 of the Companies Act 2006, a separate profit and loss account is not presented in respect of the Company.

Turnover
Turnover represents rents receivable during the year (all excluding value added tax), plus proceeds from the sale of trading properties.

Notes continued

1. Accounting policies continued

Recognition of profits
Purchases and sales of property stock are accounted for upon completion of contracts.

Taxation
The charge for taxation is based on profit for the year and takes into account taxation due to timing differences between the treatment of certain items for taxation and accounting purposes.

Stocks
Properties held for resale are valued at the lower of cost and net realisable value, which is based on the estimated selling price less costs expected to be incurred prior to completion and disposal.

Investment
In the Company's financial statements, investments in subsidiary undertakings are stated at cost less any impairment in value.

Cash and bank
Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Dividends on shares presented within equity
Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Interest bearing borrowings
Immediately after issue debt is stated at the fair value of the consideration received on the issue of the capital instrument after deduction of issue costs. The finance cost of the debt is allocated to periods over the term of the debt at a constant rate on the carrying amount.

2. Turnover

	31 March 2019 £000	31 March 2018 £000
Sale of trading property	**11,400**	-
Rental income	**-**	-
	11,400	-

All activity is carried out within the United Kingdom.

Notes continued

3. Cost of sales

	31 March 2019 £000	31 March 2018 £000
Cost of trading property	5,678	-
Direct property costs	(4)	18
	5,674	18

4. Staff numbers and costs

The average number of persons employed by the Group (excluding directors) during the year was nil (2018: nil). No director received any remuneration from the Group during the current year or the preceding year.

5. Interest payable and similar charges

	31 March 2019 £000	31 March 2018 £000
Interest payable to former group undertaking	14,512	13,782
On bank loans and overdrafts	42	267
Bank charges and finance fees	26	53
	14,580	14,102

6. Loss on ordinary activities before taxation

a. Loss on ordinary activities is stated after charging:

	31 March 2019 £000	31 March 2018 £000
Amounts paid to First Management Services Limited in respect of management fees, including directors' services	100	100

The Group was exempt from audit in the current year and prior year.

b. Directors' interest in the shares of the Company

J Gleek is a director of J Gleek Properties Limited, which owns 64,935 Ordinary "A" £1 shares of the Company (2018: 64,935 Ordinary "A" £1 shares).
RJ Anderson is a director of Jamed Properties Limited, which owns 64,935 Ordinary "A" £1 shares of the Company (2018: 64,935 Ordinary "A" £1 shares).

Notes continued

7. Taxation

	31 March 2019 £000	31 March 2018 £000
Taxation based on profit / loss for the year:		
UK Corporation tax	**-**	126
Prior year over provision	**(97)**	-
Tax (credit) / charge on operating activities	**(97)**	126

Factors affecting tax charge for the year:

The tax assessed for the year is lower (2018: lower) than the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	31 March 2019 £000	31 March 2018 £000
Profit / (loss) on ordinary activities before taxation	**5,536**	(1,077)
Profit / (loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	**1,052**	(205)
Effects of:		
Tax relief on loss not provided	**38**	205
Crystallisation of CGT rolled over	**-**	126
Utilisation of brought forward losses	**(1,090)**	-
Over provision of tax in prior years	**(97)**	-
Tax debit / (credit) in the financial statements	**(97)**	126

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. The 2020 budget announced that the rate of UK corporation tax would remain at 19% from 1 April 2020 and 1 April 2021.

8. Investments

	Company	
	31 March 2019	31 March 2018
At cost:	**£**	£
Investment in Burford Alpha Limited	**1**	1

Notes continued

9. Current investments

	Group	
	31 March	31 March
	2019	2018
At fair value:	**£000**	£000
Investment in Burford Epsilon (in Administration)	**406,379**	391,867

The Group owns the entire share capital of Burford Epsilon, a company registered in England and Wales whose only issued share capital is ordinary share capital. During the year to March 2016 the company went into administration and was accordingly reclassified from a group company to a current investment at fair value.

10. Stocks

	Group	
	31 March	31 March
	2019	2018
	£000	£000
Trading properties	**10,422**	15,598

11. Debtors: amounts falling due after more than one year

	Group		Company	
	31 March	31 March	**31 March**	31 March
	2019	2018	**2019**	2018
	£000	£000	**£000**	£000
Amounts owed by subsidiaries	-	-	**2,375**	320

Amounts owed by fellow subsidiaries have no fixed repayment terms, are unsecured, and paid interest at the average rate of 8% (2018: 8%).

12. Debtors: amounts falling due within one year

	Group		Company	
	31 March	31 March	**31 March**	31 March
	2019	2018	**2019**	2018
	£000	£000	**£000**	£000
Other debtors	**7,754**	360	-	-
Prepayments and accrued income	**16**	68	-	-
	7,770	428	-	-

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Notes continued

13. Creditors: amounts falling due within one year

	Group		Company	
	31 March 2019 £000	31 March 2018 £000	**31 March 2019 £000**	31 March 2018 £000
Corporation tax	**-**	126	**-**	-
Trade creditors	**135**	398	**-**	-
Other creditors		55	**-**	-
Amount owed to former subsidiary	**418,998**	404,486	**-**	-
Accruals and deferred income	**55**	67	**36**	65
Bank loans	**-**	3,056	**-**	-
	419,188	408,188	**36**	65

14. Borrowings

	Group		Company	
	31 March 2019 £000	31 March 2018 £000	**31 March 2019 £000**	31 March 2018 £000
In one year or less	**-**	3,056	**-**	-
Between one and two years	**-**	-	**-**	-
	-	3,056	**-**	-

In May 2018, following the completion on the sale of a property by the Group, the bank loan was repaid in full.

15. Share capital

	31 March 2019 £	31 March 2018 £
Allotted, called up and fully paid		
333,000 ordinary A shares of 1p each (2018: 333,000 ordinary A shares of 1p each)	**3,330**	3,330
333,000 ordinary B shares of 1p each (2018: 333,000 ordinary B shares of 1p each)	**3,330**	3,330
333,000 ordinary C shares of 1p each (2018: 333,000 ordinary C shares of 1p each)	**3,330**	3,330
	9,990	9,990

Notes continued

16. Principal subsidiary undertakings

The subsidiary undertakings, all of which are 100% owned by Burford Beta Holdings Limited or a subsidiary undertaking of Burford Beta Holdings Limited are registered in England and Wales and are as follows:

Principal subsidiary undertakings	Activity
Burford Alpha Limited	Intermediate holding company
Burford Beta Limited	Intermediate holding company
Burford Delta Limited	Property trading
Burford Zeta	Intermediate holding company
Hooton Industrial Projects Limited	Property development

The only issued share capital of each subsidiary is ordinary share capital.

17. Related party transactions

During the year £100,000 (2018: £100,000) was paid by the Group to First Management Services Limited in respect of management fees. During the year Mr Gleek was a director of Burford Beta Holdings Limited and First Management Services Limited. Mr Anderson resigned from both companies on 20 August 2018. No amounts were outstanding at the year end (2018: £nil).