

Company Registration No. 05281934 (England and Wales)

CHERRYDENE UK LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2019
PAGES FOR FILING WITH REGISTRAR



CHERRYDENE UK LIMITED

COMPANY INFORMATION

| | |
|--------------------------|---|
| Directors | Sir Henry Angest Lady Angest |
| Secretary | N D Jennings |
| Company number | 05281934 |
| Registered office | Arbuthnot House 7 Wilson Street London EC2M 2SN |
| Auditor | RSM UK Audit LLP Chartered Accountants One London Square Cross Lanes Guildford Surrey GU1 1UN |

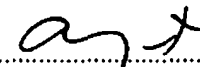
CHERRYDENE UK LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2019**

| | Notes | 2019 £ | £ | 2018 £ | £ |
|---|-------|------------|---|------------|---|
| Fixed assets | | | | | |
| Investments | 3 | 13,613,198 | | 10,651,726 | |
| Current assets | | | | | |
| Cash at bank and in hand | | 743,279 | | 408,997 | |
| Creditors: amounts falling due within one year | 4 | (713,367) | | (717,505) | |
| Net current assets/(liabilities) | | 29,912 | | (308,508) | |
| Total assets less current liabilities | | 13,643,110 | | 10,343,218 | |
| Provisions for liabilities | 6 | (915,136) | | (420,552) | |
| Net assets | | 12,727,974 | | 9,922,666 | |
| Capital and reserves | | | | | |
| Called up share capital | 7 | 2 | | 2 | |
| Revaluation reserve | 8 | 7,581,211 | | 5,123,189 | |
| Profit and loss reserves | 8 | 5,146,761 | | 4,799,475 | |
| Total equity | | 12,727,974 | | 9,922,666 | |

The directors of the company have elected not to include a copy of the income statement 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 November 2020* and are signed on its behalf by:



 Sir Henry Angest
 Director

CHERRYDENE UK LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

| | Share capital | Revaluation reserve | Profit and loss reserves | Total |
|--|---------------|---------------------|--------------------------|-------------|
| | £ | £ | £ | £ |
| Balance at 1 January 2018 | 2 | 8,045,261 | 4,488,336 | 12,533,599 |
| Year ended 31 December 2018: | | | | |
| Loss and total comprehensive income for the year | - | - | (2,610,933) | (2,610,933) |
| Transfer of unrealised losses | - | (3,520,569) | 3,520,569 | - |
| Transfer of deferred tax relating to unrealised losses | - | 598,497 | (598,497) | - |
| Balance at 31 December 2018 | 2 | 5,123,189 | 4,799,475 | 9,922,666 |
| Year ended 31 December 2019: | | | | |
| Profit and total comprehensive income for the year | - | - | 2,805,308 | 2,805,308 |
| Transfer of unrealised gains | - | 2,961,472 | (2,961,472) | - |
| Transfer of deferred tax relating to unrealised gains | - | (503,450) | 503,450 | - |
| Balance at 31 December 2019 | 2 | 7,581,211 | 5,146,761 | 12,727,974 |

Transfer between reserves relates to the transfer of fair value gains and losses to the revaluation reserve and the related deferred tax charge.

CHERRYDENE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

Cherrydene UK Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Arbutnot House, 7 Wilson Street, London EC2M 2SN.

Accounting convention

These financial statements have been prepared in accordance with Financial Reporting Standard 102 ("FRS102") as applicable in the UK and Republic of Ireland 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 Pound 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 certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The financial statements have been prepared with application of the FRS 102 Triennial Review 2017 amendments in full.

Going concern

In light of the COVID-19 outbreak, the Directors are considering appropriate measures to respond to the uncertain outlook and ensure that the Company remains a going concern over the next 12 months. Whilst there can be no certainty due to the conditions across the world at present, the Directors are confident in the future of the business based on action plans and forecasts. The Directors therefore consider it appropriate for the financial statements to be prepared on the going concern basis. The financial statements do not include any adjustments that would result should the going concern basis of preparation not be appropriate. In the event that this basis is not appropriate, provisions may be required and assets may need to be written down to their recoverable amount.

Investment income

Investment income from trade investments and investments in subsidiaries, associates and jointly controlled entities is recognised when the company's right to receive payment is established.

Fixed asset investments

Listed investments are initially measured at transaction price, excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in profit or loss. Transaction costs are expensed to profit or loss as incurred.

Cash and cash equivalents

Cash and cash equivalents 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.

CHERRYDENE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

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 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 trade and other debtors 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 financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

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 trade and other creditors, loans from fellow group companies 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.

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

Equity instruments

Equity instruments issued by the Company are recorded at the fair value of 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.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

CHERRYDENE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognised only to the extent that the Directors consider it more likely than not that there will be suitable taxable profits from which future reversal of the underlying timing difference can be deducted.

2 Employees

There were no persons employed by the Company during the year (2018: Nil).

The Directors received no remuneration for their services to the Company during the year (2018: £Nil).

3 Fixed asset investments

| | Listed investments £ |
|------------------------|----------------------------|
| Valuation | |
| At 1 January 2019 | 10,651,726 |
| Valuation changes | 2,961,472 |
| At 31 December 2019 | 13,613,198 |
| Carrying amount | |
| At 31 December 2019 | 13,613,198 |
| At 31 December 2018 | 10,651,726 |

Fixed asset investments revalued

If the listed investments were stated on an historical cost basis rather than a fair value basis, the net book value would have been £4,817,641 (2018: £4,817,641).

4 Creditors: amounts falling due within one year

| | 2019 £ | 2018 £ |
|-----------------|-----------|-----------|
| Other creditors | 713,367 | 717,505 |

CHERRYDENE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

5 Provisions for liabilities

| | | 2019 £ | 2018 £ |
|--------------------------|---|-----------|-----------|
| Deferred tax liabilities | 6 | 915,136 | 420,552 |

6 Deferred taxation

The major deferred tax liabilities and assets recognised by the Company are:

| | Liabilities 2019 £ | Liabilities 2018 £ |
|------------------|--------------------------|--------------------------|
| Balances: | | |
| Tax losses | (299,210) | (290,344) |
| Chargeable gains | 1,214,346 | 710,896 |
| | 915,136 | 420,552 |

| | 2019 £ |
|-------------------------------|-----------|
| Movements in the year: | |
| Liability at 1 January 2019 | 420,552 |
| Charge to profit or loss | 494,584 |
| Liability at 31 December 2019 | 915,136 |

The deferred tax liability set out above is expected to reverse when the investments to which they relate are sold.

7 Called up share capital

| | 2019 £ | 2018 £ |
|-------------------------------|-----------|-----------|
| Ordinary share capital | | |
| Issued and fully paid | | |
| 2 Ordinary shares of £1 each | 2 | 2 |

8 Reserves

Fair value reserve

The Directors have elected to retain the unrealised gains and losses on the revaluation of its investment portfolio, and related deferred tax, in a fair value reserve.

Profit and loss reserves

This reserve represents the cumulative distributable profit and loss net of distributions to owners.

CHERRYDENE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

9 Related party transactions

Included within other creditors is £401,700 (2018: £405,908) owed to a company related by virtue of common control. Included within this balance is interest of £11,700 (2018: £15,908) that was charged on the loan during the year.

During the prior year, a £300,000 loan was provided by a company related via common control. The loan is interest free. At the balance sheet date £300,000 (2018: £300,000) was due to the company and is included in other creditors.

10 Controlling party

The immediate and ultimate parent company is Flowgab Limited, a company incorporated in the Bahamas.

The ultimate controlling party is Sir Henry Angest, a Director.

11 Events after the reporting period

In the early months of 2020, the global economic impact of the COVID-19 pandemic started to have some effect upon the operating environment of the company and the potential risks to which it is exposed. The Directors' response to the COVID-19 outbreak is detailed in note 1.

The entity holds listed investments in Arbuthnot Banking Group. At 31 December 2019 this had a carrying value of £13,613,198. At 31 December 2019, the value per share was £13.50. This has fallen 56% to £6.00 at 30 October 2020.

On 22 May 2020, the company agreed to acquire 1,000,000 ordinary shares of 1p each in Arbuthnot Banking Group PLC from Flowidea Limited at the the mid-market price per share as at close of business on 21 May 2020 of £7.475. To facilitate this acquisition, the company accepted a £7,475,000 loan from Flowidea Limited at a rate of interest of 0.25% per annum. The loan has no specified repayment date but is terminable at any time by either party on a six months' notice.

12 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 Caroline Watson ACA.

The auditor was RSM UK Audit LLP.