

Orchard Wealth Cultivation Ltd

Report and Financial Statements

Period Ended

31 December 2019

Company Number 05383425

WEDNESDAY



A9KINX7E

A14

23/12/2020

#356

COMPANIES HOUSE

Orchard Wealth Cultivation Ltd

Report and financial statements for the period ended 31 December 2019

Contents

Page:

1	Strategic report
2	Directors' report
3	Statement of comprehensive income
4	Statement of financial position
5	Statement of changes in equity
6 to 15	Notes forming part of the financial statements

Directors

R N Brosch – Appointed 11 February 2019
H M Lovett – Appointed 11 February 2019
R P Horton – Appointed 11 February 2019 and Resigned 31 March 2020
M D Wiggins – Resigned 11 February 2019
S A Wiggins – Resigned 11 February 2019

Secretary and registered office

R P Horton - Resigned 31 March 2020

Company number

05383425

Orchard Wealth Cultivation Ltd

Strategic report for the period ended 31 December 2019

STRATEGIC REPORT

The Directors present the Strategic Report, Directors' Report and the financial statements for Orchard Wealth Cultivation Limited (the "Company") for the period from 1 July 2018 to 31 December 2019.

Results

The results for the period are set out on page 4. The profit for the period, before taxation, is £142,111.

Note 2 includes details of key policies used in the preparation of the Company's financial statements.

Trading from the balance sheet date to the date of this report is in line with the Directors' expectations for 2019 and there have been no significant events.

Overview and review of business

The principal activity of the company is the provision of independent financial advice and mortgage broking. The Company was acquired by Foster Denovo Group Limited (the Group) on 11 February 2019 and from that date is a wholly owned subsidiary of the Group. Until the date of acquisition, the Company had been trading in line with previous years. Since acquisition the clients and activities of the company have been transferred to Foster Denovo Limited and the Company has ceased to be regulated by the FCA.

The Company's activities are wholly within Great Britain.

Future developments

The Directors are not aware at the date of this report of any likely major changes in the Company's activities in the next year.

Principal Risks and uncertainties

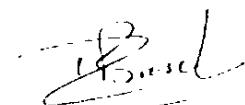
The business of the Company, till the date of acquisition by the Group, was active in the sale of regulated financial products and advised clients as to their suitability. As a consequence, the Company's activities were regulated which gave rise to a number of risks, including censure by the FCA. Since acquisition, the Company's business activities have been migrated to Foster Denovo Limited and so the risks in the company have reduced. The Group operates a strict compliance regime, including regular audits of financial advisers, to mitigate such risks and has arranged professional indemnity insurance which conforms to the requirements of the FCA.

In common with all other businesses, the Company holds or issues financial instruments to finance its operations and is exposed to risks that arise from its use of those financial instruments. Various financial instruments such as trade debtors and trade creditors arise directly from the Company's operations. The Company does not enter into hedging agreements.

The company's business is wholly within Great Britain. Accordingly, any changes to trading arrangements with European Union countries are unlikely to have a material impact. However, the company's revenues could potentially be impacted by equity and currency market changes that might arise as a result of the UK leaving the European Union.

Approval

This Strategic Report was approved by order of the Board on 22 December 2020 and signed on its behalf.



R Brosch
Director

Orchard Wealth Cultivation Ltd

Directors' report for the period ended 31 December 2019

DIRECTORS' REPORT

The directors present their report together with the financial statements for the period ended 31 December 2019.

Directors

The directors of the company throughout the period and to the date of this report were:

R N Brosch – Appointed 11 February 2019
H M Lovett – Appointed 11 February 2019
R P Horton – Appointed 11 February 2019 and Resigned 31 March 2020
M D Wiggins – Resigned 11 February 2019
S A Wiggins – Resigned 11 February 2019

Annual General Meetings

In accordance with the provisions of the Companies Act legislation the Company has dispensed with the holding of Annual General Meetings.

Post balance sheet event – Covid-19

Since the Company's period end, the global economy has been adversely impacted by the emergence of the Covid-19 health pandemic and the Government lockdown imposed in the UK in March 2020. The Covid-19 pandemic will impact the Company with an expected reduction in revenue as 1. the lock down will impact the volume of new business and 2. the fall in markets will impact fees that are based on a percentage of asset values. To mitigate the impact, the Directors have taken prompt action across the Company, parent Foster Denovo Group Limited and other Group companies to reduce costs, manage cash flow and implement operational changes to enable home-working during the lock down.

This is a non-adjusting post balance sheet event and as such does not impact the financial position of the company as at 31 December 2019.

Audit

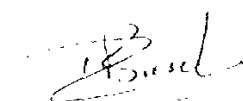
The Company is entitled to exemption from audit under Section 479A of the Companies Act 2006 for the period ended 31 December 2019.

The Directors acknowledge their responsibilities for:

1. Ensuring that the Company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006; and
2. Preparing financial statements which give a true and fair view of the state of affairs of the Company as at the end of each financial period and of its profit and loss for each financial period in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements so far as applicable to the Company.

Approval

This Directors' Report was approved by order of the Board on 22 December 2020 and signed on its behalf.



R Brosch
Director

Orchard Wealth Cultivation Ltd

Statement of comprehensive income for the period ended 31 December 2019

	Note	18 months ended 31 December 2019 £	Year ended 30 June 2018 £
Revenue	4	228,823	326,088
Cost of sales		-	-
Gross profit		228,823	326,088
Administrative expenses:			
Normal		(84,319)	(203,202)
Exceptional		-	-
Depreciation and amortisation		(2,405)	(6,722)
Operating profit	5		
Before exceptional administrative expenses and depreciation and amortisation		144,504	116,164
After exceptional administrative expenses and depreciation and amortisation		142,099	116,164
Interest receivable and similar income	8	12	18
Interest payable and similar charges		-	(1)
Profit on ordinary activities before taxation		142,111	116,181
Before exceptional administrative expenses		142,111	116,181
After exceptional administrative expenses			
Tax on profit on ordinary activities	9	(29,400)	(23,657)
Total comprehensive income for the financial year		112,711	92,524

The notes on pages 6 to 15 form part of these financial statements.

Orchard Wealth Cultivation Ltd

Statement of financial position at 31 December 2019

Company number 05383425	Note	31 December 2019 £	31 December 2019 £	30 June 2018 £	30 June 2018 £
Fixed assets					
Tangible assets	10		-		10,274
Current assets					
Debtors: amounts falling due within one year	11	94,808		935	
Cash at bank and in hand		80,124		54,795	
		<u>174,932</u>		<u>55,730</u>	
Creditors: amounts falling due within one year	12	<u>(60,564)</u>		<u>(29,347)</u>	
Net current assets			114,368		26,383
Net assets			114,368		36,657
Capital and reserves					
Called up share capital	13		10,000		10,000
Profit and loss account			104,368		26,657
Equity attributable to owners of parent company			114,368		36,657

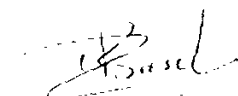
Audit

The Company is entitled to exemption from audit under Section 479A of the Companies Act 2006 for the period ended 31 December 2019.

The Directors acknowledge their responsibilities for:

1. Ensuring that the Company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006; and
2. Preparing financial statements which give a true and fair view of the state of affairs of the Company as at the end of each financial period and of its profit and loss for each financial period in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements so far as applicable to the Company.

The financial statements were approved by the Board of Directors and authorised for issue on 22 December 2020



R N Brosch
Director

The notes on pages 6 to 15 form part of these financial statements.

Orchard Wealth Cultivation Ltd

Statement of changes in equity for the period ended 31 December 2019

	Share capital £	Profit and loss account £	Total equity £
At 1 July 2017	10,000	17,133	10,000
Changes in equity			
Dividends	-	(83,000)	(83,000)
Total comprehensive income for the year	-	92,524	26,657
30 June 2018	10,000	26,657	36,657
	Share capital £	Profit and loss account £	Total equity £
At 1 July 2018	10,000	26,657	36,657
Changes in equity			
Dividends	-	(35,000)	(35,000)
Total comprehensive income for the year	-	112,711	112,711
31 December 2019	10,000	104,368	114,368

The notes on pages 6 to 15 form part of these financial statements.

Orchard Wealth Cultivation Ltd

Notes forming part of the financial statements for the period ended 31 December 2019

1 General information

Orchard Wealth Cultivation Ltd is a private company limited by shares, incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the company's operations and its principal activities are set out in the strategic report.

2 Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention 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 preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. In reaching this conclusion the directors have considered the following: budgeted and projected results of the business, projected cash flow and the risks that could impact on the company's liquidity and capital over the next twelve months including the impact of the COVID-19 pandemic. Accordingly, the Directors have prepared the financial statements on a going concern basis.

2.2 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 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Foster Denovo Group Limited as at 31 December 2019 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

2.3 Revenue

Revenue comprises the value of commissions and fees receivable, excluding VAT, in the normal course of business. All revenue arises in the United Kingdom. Initial commissions are accounted for when the policies are accepted by the product providers, when mortgages are complete, after taking into account provisions for the potential cancellation of policies where commission is received under indemnity terms. Renewal commissions are accounted for when received. Fees for financial advice and administration charges are accounted for as invoiced with accruals being made for work performed but not invoiced.

Orchard Wealth Cultivation Ltd

Notes forming part of the financial statements for the period ended 31 December 2019 *(continued)*

2.4 Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of each asset less its residual value over its estimated useful life, using the straight-line method.

The estimated useful lives range as follows:

Leasehold improvements	- 4	years
Fixtures and fittings	- 4	years
Computer equipment	- 3	years
Computer software	- 3	years

2.5 Impairment of fixed assets

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit 'CGU' to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which they are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.6 Debtors

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

2.7 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. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Orchard Wealth Cultivation Ltd

Notes forming part of the financial statements for the period ended 31 December 2019 (continued)

2.8 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, such as the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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

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

2.9 Creditors

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

2.10 Finance costs

Finance costs are charged to the statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Orchard Wealth Cultivation Ltd

Notes forming part of the financial statements for the period ended 31 December 2019 *(continued)*

2.11 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

2.12 Interest income

Interest income is recognised in the statement of comprehensive income using the effective interest method.

2.13 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the statement of comprehensive income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the statement of financial position.

2.14 Current and deferred taxation

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

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

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

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

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

Orchard Wealth Cultivation Ltd

Notes forming part of the financial statements
for the period ended 31 December 2019 (continued)

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

In preparing these financial statements, the directors have made the following judgements:

- Determine whether there are indicators of impairment of the company's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- Determine whether leases entered into by the company as a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

Other key sources of estimation uncertainty

- Provisions are made where an event has taken place that gives the company a legal or constructive obligation at the year end. Estimates, assumptions and judgements relate to the determination of carrying value of these provisions.

4 Analysis of turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom

5 Operating profit

	18 months ended 31 December 2019 £	Year ended 30 June 2018 £
This is arrived at after charging/(crediting):		
Depreciation of tangible fixed assets	2,404	6,722
Fees payable to the Group auditor and its associates for other services to the company:	8,857	2,520
Defined contribution pension cost	-	122,200
	<u> </u>	<u> </u>

Orchard Wealth Cultivation Ltd

Notes forming part of the financial statements for the period ended 31 December 2019 (continued)

6 Employees

The company had no employees during the year (2018 - Nil).

7 Directors' remuneration

	18 months ended 31 December 2019 £	Year ended 30 June 2018 £
Directors' emoluments	10,350	16,440
Company contributions to money purchase pension schemes	-	122,200
	<u>10,350</u>	<u>138,640</u>

There were no directors in the company's defined contribution pension scheme (30 June 2018 - 2). From 11 February 2019, following the purchase of the Company by Foster Denovo Group Limited, the directors were no longer paid emoluments by the Company.

Emoluments of the highest paid director were £5,125 (30 June 2018 - £8,220). Company pension contributions of nil (30 June 2018 - £61,100) were made to a pension scheme on their behalf.

8 Interest receivable

	18 months ended 31 December 2019 £	Year ended 30 June 2018 £
Bank interest	12	18
	<u>12</u>	<u>18</u>

Orchard Wealth Cultivation Ltd

Notes forming part of the financial statements
for the period ended 31 December 2019 (continued)

9. Taxation

	18 months ended 31 December 2019 £	Year ended 30 June 2018 £
UK Corporation Tax		
Current tax on profits for the year	29,400	23,657
Total Current Tax	29,400	23,657

Taxation on profit/(loss) on ordinary activities

29,400	23,657
--------	--------

Factors affecting tax credit for the year

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

	18 months ended 31 December 2019 £	Year ended 30 June 2018 £
Profit/(loss) on ordinary activities before tax	<u>142,111</u>	<u>116,181</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	27,001	22,074
Effects of:		
Expenses not deductible for tax purposes	2,399	1,583
Other Timing differences	-	-
Capital allowances in (excess)/deficit of depreciation	-	-
Adjustments to tax charge in respect of prior periods	-	-
Adjustment in respect of deferred tax	-	-
Origination and reversal of timing differences	-	-
Total tax charge for the year	<u><u>29,400</u></u>	<u><u>23,657</u></u>

Orchard Wealth Cultivation Ltd

Notes forming part of the financial statements
for the period ended 31 December 2019 (*continued*)

10 Tangible fixed assets

	Investment property £	Land and buildings £	Plant, machinery and vehicles £	Fixtures, fittings, tools and equipment £	Total £
<i>Cost or valuation</i>					
At 1 July 2018	17,010	-	5,775	4,715	27,500
Additions					
Disposals	(17,010)	-	-	-	(17,010)
Revaluations					
At 31 December 2019	-	-	5,775	4,715	10,490
<i>Depreciation</i>					
At 1 July 2018	(9,140)	-	(4,381)	(3,705)	(17,226)
Provision for period	-	-	(1,394)	(1,010)	(2,404)
Disposals	9,140	-	-	-	9,140
At 31 December 2019	-	-	(5,775)	(4,715)	(10,490)
<i>Net book value</i>					
At 31 December 2019	-	-	-	-	-
At 30 June 2018	7,870	-	1,394	1,010	10,274

Orchard Wealth Cultivation Ltd

Notes forming part of the financial statements
for the period ended 31 December 2019 (continued)

11 Debtors: amounts falling due within one year

	31 December 2019 £	30 June 2018 £
Other debtors	92,875	935
Prepayments and accrued income	1,933	-
	<u>94,808</u>	<u>935</u>

12 Creditors: amounts falling due within one year

	31 December 2019 £	30 June 2018 £
Trade creditors	(938)	-
Amounts owed to group undertakings	(24,467)	-
Corporation tax	(29,410)	-
Other taxation and social security	-	(23,657)
Obligations under finance lease and hire purchase contracts	-	-
Other creditors	-	(5,690)
Accruals and deferred income	(5,749)	-
	<u>(60,564)</u>	<u>(29,347)</u>

13 Share capital

	31 December 2019 £	30 June 2018 £
<i>Allotted, called up and fully paid</i> 10,000 ordinary shares of 1p each	<u>10,000</u>	<u>10,000</u>

14 Capital and reserves

The company's capital and reserves comprise the following:

Called up share capital

Called up share capital reserve represents the nominal value of the shares issued.

Profit and loss account

The profit and loss account represents cumulative profits or losses net of dividends paid and other adjustments.

Orchard Wealth Cultivation Ltd

Notes forming part of the financial statements for the period ended 31 December 2019 (*continued*)

15. Ultimate parent company

The company is a subsidiary of Foster Denovo Group Limited which is the ultimate parent company incorporated in England and Wales.

The largest and smallest group in which the results of the company are consolidated is that headed by Foster Denovo Group Limited incorporated in England and Wales. The consolidated accounts of this company are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ. No other group accounts include the results of the company.

16. Post Balance Sheet Note

Since the Company's year end, the global economy has been adversely impacted by the emergence of the Covid-19 health pandemic and the Government lockdown imposed in the UK. This has had an effect on the UK economy but it remains too early to predict what the eventual impact of the downturn will be, it is expected that there will be some impact on the company's revenue, although not on its ability to continue as a going concern.

The directors have carried out stress forecasts to monitor the impact of the Covid-19 pandemic on the Company and Group and further details on this are set out in the "Post balance sheet event – Covid-19 paragraph" in the directors' report. The directors are continuously monitoring the company's liquidity and capital requirements and position.

This is a non-adjusting post balance sheet event and as such does not impact the financial position of the company as at 31 December 2019