

Company Registration No. 05733567 (England and Wales)

**WD KINGSGATE LIMITED**  
**REPORT AND UNAUDITED FINANCIAL**  
**STATEMENTS**  
**FOR THE YEAR ENDED**  
**30 JUNE 2020**

TUESDAY



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# **WD KINGSGATE LIMITED**

## **COMPANY INFORMATION**

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<b>Director</b>	P L Everest
<b>Secretary</b>	C D Harper
<b>Company number</b>	05733567
<b>Registered office</b>	1st Floor 9-10 Staple Inn London WC1V 7QH
<b>Accountants</b>	RSM UK Tax and Accounting Limited Chartered Accountants 25 Farringdon Street London EC4A 4AB United Kingdom

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# **WD KINGSGATE LIMITED**

## **DIRECTOR'S REPORT**

### **FOR THE YEAR ENDED 30 JUNE 2020**

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The director presents his annual report and financial statements for the year ended 30 June 2020.

#### **Principal activities**

The principal activity of the company continued to be that of the ongoing development of the Kingsgate Shopping Centre, Huddersfield, where expansion plans are under active consideration.

#### **Review of the business**

The result for the year was a loss of £22,774,176 (2019: loss of £10,260,667), which includes an impairment of property stock of £21,614,115 (2019: £11,323,991). Excluding the impact of the property impairment the company would otherwise have made an operating profit of £2,045,972 (2019: £3,249,241) and a loss before taxation of £31,187 (2019: £1,063,324 profit).

#### **Director**

The director who held office during the year and up to the date of signature of the financial statements was as follows:

P L Everest

#### **Going concern and impact of Covid-19**

The company is currently financed by a bank loan facility of £74.4m which was originally due for repayment in October 2019 and is currently being extended on a short term basis, repayable on demand. The property on which the bank loan is secured is included in these financial statements at 30 June 2020 at its estimated market value of £25.5m, which gives rise to a shortfall of £48.9m against the loan amount. The market value of the company's property held as stock has been adversely impacted by economic effects of the Covid-19 pandemic in 2020/2021 and corporate failures amongst the company's tenants.

The director acknowledges that the situation in respect of the short term nature of the company's bank loan borrowings, and the shortfall of asset values in relation to the loan amount, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The company has net current liabilities of £48,421,674 at 30 June 2020.

Notwithstanding the company's net liabilities position and balance sheet deficit, having performed an assessment of the financial position of the business and of the basis of preparation of these financial statements the director continues to adopt the going concern assumption in preparing the financial statements on the basis that the company is at an advanced stage of arranging a new medium term loan facility arrangement with the existing lender to extend the loan and with other parties to fund the redevelopment of part of the company's property. As at the date of approval of these financial statements negotiations in respect of these arrangements are continuing and the director is confident that they will soon be agreed and put in place. Aside from the third party loan arrangements, the company has sufficient cash resources to pay its other debts as they fall due for the foreseeable future.

The financial statements have therefore been prepared on the going concern basis which assumes that the company will be successful in restructuring the loan borrowings and putting in place longer term financing arrangements, which will allow the company to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. The financial statements do not include any adjustments that would result if the group or company was unable to continue as a going concern. However, should the going concern basis of accounting not prove to be applicable, no significant impact is anticipated from adjusting the value of the company's assets to recoverable values given that company's property is already written down to its estimated market value.

#### **Small companies exemption**

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

**WD KINGSGATE LIMITED**

**DIRECTOR'S REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2020**

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On behalf of the board

.....  
P L Everest  
Director

Date: .....

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## ACCOUNTANT'S REPORT TO THE DIRECTOR OF WD KINGSGATE LIMITED ON THE UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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In order to assist you to fulfil your duties under the Companies Act 2006 ("the Act"), we prepared for your approval the financial statements of WD Kingsgate Limited which comprise the statement of comprehensive income, the statement of financial position and the related notes in accordance with the financial reporting framework set out therein from the company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/members/regulations-standards-and-guidance>.

This report is made solely to the Board of Directors of WD Kingsgate Limited, as a body, in accordance with the terms of our engagement letter dated 10 February 2020. Our work has been undertaken solely to prepare for your approval the financial statements of WD Kingsgate Limited and state those matters that we have agreed to state to them in accordance with ICAEW Technical Release 07/16 AAF. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights against RSM UK Tax and Accounting Limited for any purpose or in any context. Any party other than the Board of Directors which obtains access to this report or a copy and chooses to rely on this report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM UK Tax and Accounting Limited will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

It is your duty to ensure that WD Kingsgate Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and loss of WD Kingsgate Limited under the Act. You consider that WD Kingsgate Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of WD Kingsgate Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.

### Explanatory paragraph

In preparing these financial statements, we draw attention to the company's net current liabilities of £48,421,674 and also to the disclosures made in the accounting policies on page 6 of the financial statements which set out the basis on which the director has assessed the company's ability to continue as a going concern.

*RSM UK Tax and Accounting Limited*

RSM UK Tax and Accounting Limited  
Chartered Accountants  
25 Farringdon Street  
London  
United Kingdom  
EC4A 4AB

14/06/2021  
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# WD KINGSGATE LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

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		2020 £	2019 £
	Notes		
Turnover		3,252,764	5,342,343
Cost of sales		(589,116)	(1,681,222)
		<hr/>	<hr/>
Gross profit		2,663,648	3,661,121
Administrative expenses		(617,676)	(411,880)
Impairment of property stock	3	(21,614,115)	(11,323,991)
		<hr/>	<hr/>
Operating loss		(19,568,143)	(8,074,750)
Interest receivable and similar income	5	52,024	200,622
Interest payable and similar expenses		(2,409,354)	(2,907,274)
Other gains and losses	6	280,171	520,735
		<hr/>	<hr/>
Loss before taxation		(21,645,302)	(10,260,667)
Tax on loss	7	(1,128,874)	-
		<hr/>	<hr/>
Loss for the financial year		<u>(22,774,176)</u>	<u>(10,260,667)</u>

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**WD KINGSGATE LIMITED****STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2020**

		2020	2019
	Notes	£	£
<b>Fixed assets</b>			
Investments	8		
<b>Current assets</b>			
Stocks		25,500,000	46,500,000
Debtors falling due after more than one year	9	125,894	204,990
Debtors falling due within one year	9	808,760	2,036,843
Cash at bank and in hand		2,716,111	3,902,748
		<u>29,150,765</u>	<u>52,644,581</u>
<b>Creditors: amounts falling due within one year</b>	10	<u>(77,572,439)</u>	<u>(78,292,079)</u>
<b>Net current liabilities</b>		<u>(48,421,674)</u>	<u>(25,647,498)</u>
<b>Total assets less current liabilities</b>		<u>(48,421,672)</u>	<u>(25,647,496)</u>
<b>Capital and reserves</b>			
Called up share capital	13	300,000	300,000
Profit and loss reserves	14	(48,721,672)	(25,947,496)
<b>Total equity</b>		<u>(48,421,672)</u>	<u>(25,647,496)</u>

For the financial year ended 30 June 2020 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 financial statements for the year in question in accordance with section 476.

The director acknowledges his responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

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

The financial statements were approved and signed by the director and authorised for issue on 14/6/21

.....  
P L Everest  
Director

# WD KINGSGATE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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### 1 Accounting policies

#### Company information

WD Kingsgate Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is 1st Floor, 9-10 Staple Inn, London, WC1V 7QH.

#### Accounting convention

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

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 399 of the Companies Act 2006 not to prepare consolidated accounts, on the basis that the group of which this is the parent qualifies as a small group. The financial statements present information about the company as an individual entity and not about its group.

#### Going concern

The company is currently financed by a bank loan facility of £74.4m which was originally due for repayment in October 2019 and is currently being extended on a short term basis, repayable on demand. The property on which the bank loan is secured is included in these financial statements at 30 June 2020 at its estimated market value of £25.5m, which gives rise to a shortfall of £48.9m against the loan amount. The market value of the company's property held as stock has been adversely impacted by economic effects of the Covid-19 pandemic in 2020/2021 and corporate failures amongst the company's tenants.

The director acknowledges that the situation in respect of the short term nature of the company's bank loan borrowings, and the shortfall of asset values in relation to the loan amount, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The company has net current liabilities of £48,421,674 at 30 June 2020.

Notwithstanding the company's net liabilities position and balance sheet deficit, having performed an assessment of the financial position of the business and of the basis of preparation of these financial statements the director continues to adopt the going concern assumption in preparing the financial statements on the basis that the company is at an advanced stage of arranging a new medium term loan facility arrangement with the existing lender to extend the loan term and with other parties to fund the redevelopment of part of the company's property. As at the date of approval of these financial statements negotiations in respect of these arrangements are continuing and the director is confident that they will soon be agreed and put in place. Aside from the third party loan arrangements, the company has sufficient cash resources to pay its other debts as they fall due for the foreseeable future.

The financial statements have therefore been prepared on the going concern basis which assumes that the company will be successful in restructuring the loan borrowings and putting in place longer term financing arrangements, which will allow the company to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. The financial statements do not include any adjustments that would result if the group or company was unable to continue as a going concern. However, should the going concern basis of accounting not prove to be applicable, no significant impact is anticipated from adjusting the value of the company's assets to recoverable values given that company's property is already written down to its estimated market value.



# WD KINGSGATE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2020

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#### 1 Accounting policies (Continued)

##### Turnover

Turnover, which comprises operating lease rental income from retail units and advertising space, is recognised on a receivable basis reflecting the effects of any rent free periods. Any significant inducements of a non-capital nature are offset against gross rents on a straight line basis over the life of the lease.

Rental and other income from the property is classified as turnover as, whilst the property is held for trading and development, the rentals represent the principal source of income for the company. Proceeds arising on the sale of property is recognised as turnover upon agreement of the sale.

Rents subject to review, the outcome of which remains uncertain at the balance sheet date, are accounted for on a cash receipts basis.

##### Fixed asset investments

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

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

##### Stocks

Stocks represent properties held with a view to resale. Properties held as trading stock are valued at the lower of cost and estimated selling price less costs to complete and sell.

At each reporting date, the company assesses whether stocks are impaired or if an impairment loss recognised in prior periods has reversed. Any excess of the carrying amount of stock over its estimated selling price less costs to complete and sell, is recognised as an impairment loss in profit or loss.

##### Cash and cash equivalents

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

##### 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 and liabilities 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 instrument is measured at the present value of the future receipts or payments discounted at a market rate of interest.

# WD KINGSGATE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2020

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#### 1 Accounting policies (Continued)

##### **Other financial assets**

Other financial assets, including derivatives, 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.

##### **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.

##### **Derivatives**

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

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

##### **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.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

# WD KINGSGATE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### Critical judgements

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

#### Impairment of property stock

The carrying value of property held as stock was subject to an impairment charge during the year. The impairment loss recognised in the year amounted to £21,614,115 (2019: £11,323,991) and was determined from an independent valuation of the property undertaken in October 2020. The valuation of the property is inherently subjective as it is made on the basis of valuation assumptions which may not in future prove to be accurate.

### 3 Exceptional costs

	2020 £	2019 £
Impairment of property stock	21,614,115	11,323,991

The director has assessed the estimated market value of the property stock. The property was valued by an independent valuer at £25.5m in October 2020 and, accordingly, an impairment charge of £21,614,115 has been recognised to reflect this valuation at 30 June 2020 (2019: £11,323,991 impairment).

### 4 Employees

The company did not have any employees during the current or prior period.

### 5 Interest receivable and similar income

	2020 £	2019 £
Interest receivable and similar income includes the following:		
Income from shares in group undertakings	47,487	200,622

### 6 Other gains and losses

	2020 £	2019 £
Fair value gains/(losses)		
Change in the value of financial liabilities held at fair value through profit or loss	280,171	520,735

# WD KINGSGATE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

### 7 Taxation

	2020 £	2019 £
<b>Deferred tax</b>		
Origination and reversal of timing differences	1,128,874	-

At 30 June 2020 the company has derecognised its brought forward deferred tax asset in respect of corporation tax losses.

The company has tax losses amounting to approximately £36m on which no deferred tax asset has been recognised at 30 June 2020 due to uncertainty of future recovery. The unrecognised deferred tax asset on these losses would amount to approximately £6.8m.

### 8 Fixed asset investments

	2020 £	2019 £
Investments	2	2

### 9 Debtors

	2020 £	2019 £
<b>Amounts falling due within one year:</b>		
Trade debtors	732,707	303,481
Corporation tax recoverable	200	504,654
Other debtors	75,853	99,834
	808,760	907,969
Deferred tax asset	-	1,128,874
	808,760	2,036,843
<b>Amounts falling due after more than one year:</b>		
Other debtors	125,894	204,990
<b>Total debtors</b>	<b>934,654</b>	<b>2,241,833</b>

# WD KINGSGATE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

### 10 Creditors: amounts falling due within one year

	2020 £	2019 £
Bank loans and overdrafts	74,395,838	74,339,172
Trade creditors	38,731	56,346
Amounts owed to group undertakings	1,434,621	1,445,393
Taxation and social security	150,286	339,125
Other creditors	1,552,963	2,112,043
	<u>77,572,439</u>	<u>78,292,079</u>

The bank loan is secured by fixed and floating charge over the assets of the company. Interest is charged at LIBOR plus margin of 2.25%. The bank loan is shown net of unamortised loan arrangement fees of £nil (2019: £23,333) and including exit fees of £4,250,000 (2019: £4,216,666).

An interest swap contract was in place on an amount of the loan totalling £37,200,000 which fixed interest on that amount at 4.553%. Interest on the remainder of the loan was at the variable rate of LIBOR plus a margin of 2.25%. The swap contract had expired at 30 June 2020 (2019: a liability of £280,171 included within other creditors).

The bank loan is currently due for repayment on demand and is being rolled forward on a short term basis. The company is at an advanced stage of arranging a new medium term facility arrangement, which the director is confident will soon be agreed and put in place.

### 11 Financial instruments

	2020 £	2019 £
<b>Carrying amount of financial liabilities</b>		
Measured at fair value through profit or loss		
- Other financial liabilities	-	280,171
	<u>-</u>	<u>280,171</u>

### 12 Deferred taxation

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

	Assets 2020 £	Assets 2019 £
<b>Balances:</b>		
Tax losses	-	1,128,874
	<u>-</u>	<u>1,128,874</u>

# WD KINGSGATE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

### 12 Deferred taxation (Continued)

	2020 £
<b>Movements in the year:</b>	
Liability/(Asset) at 1 July 2019	(1,128,874)
Charge to profit or loss	1,128,874
	<u>                    </u>
Liability at 30 June 2020	<u>                    </u>

### 13 Called up share capital

	2020 £	2019 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
300,000 ordinary shares of £1 each	300,000	300,000
	<u>                    </u>	<u>                    </u>
	<u>300,000</u>	<u>300,000</u>

### 14 Reserves

	2020 £	2019 £
At the beginning of the year	(25,947,496)	(15,686,829)
Loss for the year	(22,774,176)	(10,260,667)
	<u>                    </u>	<u>                    </u>
At the end of the year	<u>(48,721,672)</u>	<u>(25,947,496)</u>

Cumulative profit and loss net of distributions to owners.

### 15 Related party transactions

#### Remuneration of key management personnel

During the year, the company incurred property management service expenses of £300,000 (2019: £300,000) from a related party by virtue of common control.

### 16 Control

The company's immediate parent company is WD Venn Street Limited, a company registered in England and Wales. The company's ultimate parent company is WD Huddersfield Limited, a company registered in England and Wales.

Peter Everest is the ultimate controlling party by virtue of the shareholding in WD Huddersfield Limited.