

Company Registration No. 05916975 (England and Wales)

RR SEA STRAND LIMITED
ANNUAL REPORT AND FINANCIAL
STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020



COMPANIES HOUSE

29 SEP 2021

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RR SEA STRAND LIMITED

COMPANY INFORMATION

Directors	D McDonald SA Campbell
Secretary	Link Market Services Limited
Company number	05916975 (England and Wales)
Registered office	Beaufort House 51 New North Road Exeter United Kingdom EX4 4EP
Auditor	RSM UK Audit LLP Chartered Accountants 3rd Floor Centenary House 69 Wellington Street Glasgow G2 6HG

RR SEA STRAND LIMITED

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RR SEA STRAND LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their annual report and financial statements for the year ended 31 December 2020.

Principal activities

The principal activity of the company continued to be that of property investment.

Review of Business

The investment property was revalued at 31 December 2020 resulting in a revaluation loss of £172,157 (2019 - loss £250,000). The directors intend to continue holding the investment property as a long term investment.

During the year, the COVID-19 pandemic has caused significant social and economic issues in the UK and globally. As a company operating in the investment property sector, we have assessed the risks to our business arising from this issue. The directors believe that while this may have impacted the company's trade in the short term, they have confidence the company will continue to trade successfully in the long term. Our consideration of the impact on the Going Concern assumption applied in the financial statements is summarised in note 1.

Directors

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

D McDonald
SA Campbell

Results and dividends

The profit after taxation for the year ended 31 December 2020 is £131,723 (2019 - loss £182,738). The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Qualifying third party indemnity provisions

The company has granted an indemnity to its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' Report.

Auditor

RSM UK Audit LLP, Chartered Accountants, has indicated its willingness to continue to act as auditors to the company.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

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

RR SEA STRAND LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

On behalf of the board


SA Campbell

Date: 17 SEPTEMBER 2021

RR SEA STRAND LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company 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 accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

RR SEA STRAND LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF RR SEA STRAND LIMITED

Opinion

We have audited the financial statements of RR Sea Strand Limited (the 'company') for the year ended 31 December 2020 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

RR SEA STRAND LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF RR SEA STRAND LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the director's responsibilities statement set out on page 3, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the director is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the company or to cease operations or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

RR SEA STRAND LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF RR SEA STRAND LIMITED

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102 and the Companies Act 2006. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The audit engagement team identified the risk of management override of controls as an area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to any significant, unusual transactions and transactions entered into outside the normal course of business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RR SEA STRAND LIMITED

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF RR SEA STRAND LIMITED**

RSM UK Audit LLP

Linda Gray (Senior Statutory Auditor)
For and on behalf RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
3rd Floor Centenary House
69 Wellington Street
Glasgow
G2 6HG

Date: *23/9/21*

RR SEA STRAND LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Revenue		494,367	487,190
Cost of sales		(49,128)	(127,327)
Gross profit		445,239	359,863
Administrative expenses		(69,201)	(82,829)
Fair value loss on revaluation of investment property		(172,157)	(250,000)
Operating profit	4	203,881	27,034
Investment income		122	126
Finance costs	6	(72,280)	(209,898)
Profit/(loss) before taxation		131,723	(182,738)
Tax on profit/(loss)	7	-	-
Profit/(loss) and total comprehensive income for the financial year		131,723	(182,738)

RR SEA STRAND LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
Non-current assets					
Investment properties	8		8,900,000		9,050,000
Current assets					
Trade and other receivables	9	502,658		442,640	
Cash and cash equivalents		693,950		506,718	
		1,196,608		949,358	
Current liabilities	10	(303,063)		(337,536)	
Net current assets			893,545		611,822
Total assets less current liabilities			9,793,545		9,661,822
Non-current liabilities	11		(3,984,787)		(3,984,787)
Net assets			5,808,758		5,677,035
Equity					
Called up share capital	13		50,025		50,025
Retained earnings			5,758,733		5,627,010
Total equity			5,808,758		5,677,035

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 by the board of directors and authorised for issue on 17 SEPTEMBER 2021 and are signed on its behalf by:



SA Campbell - Director

Company Registration No. 05916975

RR SEA STRAND LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Share capital £	Retained earnings £	Total £
Balance at 1 January 2019		25	5,809,748	5,809,773
Year ended 31 December 2019:				
Loss and total comprehensive income for the year		-	(182,738)	(182,738)
Issue of share capital	13	50,000	-	50,000
Balance at 31 December 2019		50,025	5,627,010	5,677,035
Year ended 31 December 2020:				
Profit and total comprehensive income for the year		-	131,723	131,723
Balance at 31 December 2020		50,025	5,758,733	5,808,758

RR SEA STRAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Company information

RR Sea Strand Limited is a private company limited by shares incorporated in England and Wales. The registered office is Beaufort House, 51 New North Road, Exeter, United Kingdom, EX4 4EP.

1.1 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").

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 £.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel. The exemption of FRS102 section 33.1A has been applied as the entities are wholly owned.

The principal accounting policies adopted are set out below.

1.2 Going concern

The directors have made an assessment of the company's ability to continue as a going concern and are satisfied that the company will be able to meet its liabilities as they fall due for a period of at least twelve months from the date of approval of these financial statements. There is no intention to wind-up the company and future opportunities are being considered. Consequently, the directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

We are aware of the ongoing COVID-19 pandemic and the continuing impact this could have on the company's ability to trade. The directors continue to monitor the situation closely and have factored the current impact of this into their financial forecasts. Consequently, the directors are satisfied that it remains appropriate to prepare the financial statements on a going concern basis.

1.3 Revenue

Property rental income is recognised evenly over the term of the lease to which it relates. Surrender premiums received from outgoing tenants prior to the expiry of their leases are included in property rental income when received.

1.4 Investment properties

Investment property is initially measured at cost and subsequently stated at fair value. The gain or loss arising from changes in the fair value are included in the Statement of Comprehensive Income. No depreciation is provided on investment property in line with FRS102 as the directors consider that, because investment properties are not held for consumption, but their investment potential, to depreciate them would not give a true and fair view.

RR SEA STRAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.5 Cash and cash equivalents

Cash and cash equivalents are basic financial assets 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.

1.6 Finance costs

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

1.7 Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

1.8 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The current income tax charge is calculated on the basis of tax laws and rates that have been enacted or substantially enacted by the reporting date in the UK. Taxation is recognised in the income statement.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1.9 Lease incentives

Lease incentives which enhance the investment property are added to the cost of the investment property. Where a lease incentive does not enhance the property, it is amortised over the period to the end of the lease term. On new leases with rent free periods, rental income is allocated evenly over the period from the date of the lease commencement to the end of the lease term.

1.10 Reserves

Retained earnings consists of historical profit and losses less dividends and other adjustments.

RR SEA STRAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

2 Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and revenue and expenses during the reported period. These estimates and assumptions are based on management's best knowledge at that time. Actual outcomes may differ from the estimates used.

Not all accounting policies require assumptions, however, management consider these are significant in applying to valuation of investment property. Qualified independent valuers have performed these valuations which are based upon assumptions including future rental income and an appropriate discount rate. The valuers use market evidence of transaction prices for similar properties.

3 Revenue

Revenue represents the value of rental income during the period, excluding value added tax and arises solely within the United Kingdom.

4 Operating profit

	2020	2019
	£	£
Operating profit for the year is stated after charging:		
Fair value loss on revaluation of investment property	172,157	250,000

The audit fee for 2020 and 2019 is charged to and met by a fellow subsidiary under common control within the group.

5 Employees

There were no staff costs for the year ended 31 December 2020 nor for the year ended 31 December 2019.

The directors are remunerated by fees charged to the ultimate parent company, Regional REIT Limited.

6 Finance costs

	2020	2019
	£	£
Interest on bank overdrafts and loans	72,280	148,428
Amortisation of debt issue costs	-	61,470
	<u>72,280</u>	<u>209,898</u>

7 Taxation

No liability to UK corporation tax arose for the year ended 31 December 2020 nor for the period ended 31 December 2019.

RR SEA STRAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

8 Investment property

	2020 £
Fair value	
At 1 January 2020	9,050,000
Additions	22,157
Revaluation loss through fair value adjustments	(172,157)
At 31 December 2020	<u>8,900,000</u>

The company's investment property was revalued at 31 December 2020 at fair value, determined by independent chartered surveyor, Cushman and Wakefield. The valuations have been prepared in accordance with the Royal Institute of Chartered Surveyors' Appraisal and Valuation Manual.

The loss on revaluation of £172,157 (2019 loss - £250,000) has been charged to the Statement of Comprehensive Income.

If investment properties were stated on an historical cost basis rather than a fair value basis, the amounts would have been included as follows:

	2020 £	2019 £
Cost	<u>3,020,780</u>	<u>2,998,623</u>

9 Trade and other receivables

	2020 £	2019 £
Amounts falling due within one year:		
Trade receivables	93,241	39,699
Prepayments and accrued income	409,417	402,941
	<u>502,658</u>	<u>442,640</u>

10 Current liabilities

	2020 £	2019 £
Trade payables	2,400	15,330
Taxation and social security	38,179	24,726
Other payables	109,026	144,200
Accruals and deferred income	153,458	153,280
	<u>303,063</u>	<u>337,536</u>

RR SEA STRAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

11 Non-current liabilities

	Notes	2020 £	2019 £
Bank loans and overdrafts	12	3,984,787	3,984,787

The bank loans are disclosed net of debt issue costs of £nil (2019 - £nil).

12 Borrowings

	2020 £	2019 £
Bank loans - 2-5 years	3,984,787	3,984,787

In June 2019, the company entered into a £55,000,000 revolving credit facility with sister company RR UK (South) Limited. The 5 year facility is due to expire in June 2025 and interest is payable at LIBOR plus 2.15%.

13 Share capital

	2020 £	2019 £
Ordinary share capital Issued and fully paid 50,025 Ordinary shares of £1 each	50,025	50,025

No shares were issued in the year (2019 - 50,000 ordinary shares of £1 each were allotted and fully paid for cash at par).

The company's ordinary shares carry no rights to fixed dividends. Each ordinary share carries the right to one vote at General Meetings of the company.

14 Securities & Cross Guarantees

The borrowings of RR Sea Strand Limited and its sister company, RR UK (South) Limited, are guaranteed by the company. As security for the company's obligations the lender holds a standard security over the investment property, a floating charge over the assets and an assignment of rental income in favour of the lender.

15 Ultimate controlling party

The Company is wholly owned by Regional Commercial Midco Limited, a company registered in Jersey.

Regional REIT Limited is regarded as the controlling party by virtue of being the ultimate parent company of Regional Commercial Midco Limited. Regional REIT Limited is a company registered in Guernsey and its financial statements are publicly available on <http://www.regionalreit.com>.