

**Company Registration No. 06127869**

**STOW SECURITIES PLC**

**Annual Report and Financial Statements**

**31 December 2020**



# **STOW SECURITIES PLC**

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# STOW SECURITIES PLC

## Annual Report and Financial Statements Officers and professional advisers

|                          |   |
|--------------------------|---|
| <b>Directors</b>         | J R Milne   |
|                          | S T Mainee  |
| <b>Company Secretary</b> | S T Mainee  |
| <b>Registered Office</b> | 86 Brook Street<br>London W1K 5AY<br>England  |
| <b>Auditor</b>           | Blick Rothenberg Audit LLP<br>Chartered Accountants<br>16 Great Queen Street<br>Covent Garden<br>London<br>WC2B 5AH |

# STOW SECURITIES PLC

## Strategic report

The directors' present the Strategic Report on the company for the year ended 31 December 2020.

### Our strategic priorities

The company has key objectives, to deliver an excellent asset and development management service catering for its group companies strategic aims and to improve the group's long term capital appreciation in an efficient manner.

### Review of the business

The results for the year are set out in the profit and loss account on page 6.

### Key performance indicators

The company's main objective is to assist the group's companies in achieving capital appreciation for its ultimate shareholders over the medium to long term time horizons with particular importance given to maximising revenue generation with a proportional exposure to financing costs and overheads, where appropriate. As such the company does not attach significant importance to other "key performance indicators" having regard to its objectives, size and sector focus.

### Principal risks and uncertainties

#### Market risk

The company does not have any exposure to variations in the value of the group's investments however the company advises the group's companies of real and forecast market risks by keeping aware of market trends for both rental and capital values in the locality of its investments.

### Section 172 statement

The directors of the Company are mindful of their responsibilities under section 172 of the Companies Act 2006 to promote the success of the business through operating in accordance with good corporate practice and with considered engagement with the Company's stakeholders.

The board of directors regularly review and identify other principal stakeholders of the business, and decisions in respect of the Company's activities are made only after reviewing, and discussing, the potential impact on those stakeholders.

The directors continue to foster open and constructive engagement with the employees of the business in order to fairly represent the views of the workforce in matters affecting their interests.

### On behalf of the board



S T Mainee

Director

Dated 2nd April 2021

### Registered office

86 Brook Street  
London W1K 5AY

# STOW SECURITIES PLC

## Directors' report

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

### Future developments

The principal activity of the Company during the year was that of a management and administration company and expects to continue this activity for the foreseeable future. See note 2 for further details and other considerations of the Company's ability to continue as a going concern.

### Other matters

On 30 January 2020 the World Health Organisation declared Coronavirus (COVID-19) a public health emergency. There are no comparable recent events which may provide guidance as to the effect of the spread of COVID-19 and a potential pandemic, and, as a result, the ultimate impact of the COVID-19 outbreak or similar health epidemic is highly uncertain and subject to change.

### Dividends

The (loss)/profit after taxation for the year amounted to (£ 23,259) (2019 - £ 243,333). No dividends were declared or paid during the year to the company's shareholders (2019 - £ 0).

### Financial risk

The company's exposure to price risks, credit risks, liquidity risks and cash flow risks is not considered to be material for the assessment of the assets, liabilities, financial position and profit or loss.

### Directors and their interests

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

J R Milne  
S T Mainee  
C Massaad (resigned 21 June 2021)

The Company is a wholly owned subsidiary and interests of the group directors are disclosed in the financial statements of the parent company.

### Statement of directors' responsibilities

The directors are responsible for preparing the strategic report and 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) including Financial Reporting Standard 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" and applicable law.

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume the company will continue in business.

The directors are responsible for keeping proper accounting records that 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.

### Auditor

Each of the persons who are a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor are unaware; and
- The director has taken all the steps that he/she ought to have taken as a director in order to make him/her aware of any relevant audit information and to establish that the company's auditor are aware of that information.

The auditors, Blick Rothenberg Audit LLP, are deemed to be re-appointed under section 487 (2) of the Companies Act 2006.

Approved by the Board of Directors  
and signed on behalf of the Board



S T Mainee  
Director

Date 21 August 2021

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STOW SECURITIES PLC**

### **Opinion**

We have audited the financial statements of Stow Securities plc (the 'Company') for the year ended 31 December 2020, which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 United Kingdom, including the Financial Reporting Council'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 directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. 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.

In connection with our audit of the financial statements, 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 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.

### **Opinion 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STOW SECURITIES PLC (continued)**

### **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 Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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.

### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are 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 directors determine 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 directors are 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 directors either intend 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the investment property sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and employment legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STOW SECURITIES PLC (continued)

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested a sample of journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 3 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, and the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](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.

Daniel Burke (senior statutory auditor)  
for and on behalf of

**Blick Rothenberg Audit LLP**

Chartered Accountants

Statutory Auditor

16 Great Queen Street

Covent Garden

London

WC2B 5AH

*Blick Rothenberg Audit LLP*

Date: 5.8.21



# STOW SECURITIES PLC

## Profit and loss account

Year ended 31 December 2020

|  | Note | Year to 31<br>December<br>2020<br>£ | Year to 31<br>December<br>2019<br>£ |
|--|------|-------------------------------------|-------------------------------------|
| Turnover   | 5    | 713,151                             | 1,892,017                           |
| Administrative expenses                              |      | (648,319)                           | (1,720,015)                         |
| Operating profit                                     | 6    | 64,832                              | 172,002                             |
| Profit on ordinary activities before taxation        |      | 64,832                              | 172,002                             |
| Tax (charge)/credit on profit on ordinary activities | 8    | (88,091)                            | 71,331                              |
| (Loss)/profit for the financial year                 |      | (23,259)                            | 243,333                             |

All of the activities of the Company are classed as continuing.

# STOW SECURITIES PLC

## Statement of comprehensive income Year ended 31 December 2020

|   | Year to 31<br>December<br>2020<br>£ | Year to 31<br>December<br>2019<br>£ |
|---|-------------------------------------|-------------------------------------|
| (Loss)/profit for the financial year                                      | (23,259)                            | 243,333                             |
| Other comprehensive income  | <u>0</u>                            | <u>0</u>                            |
| <b>Total comprehensive income for the<br/>financial year</b>              | <u><u>(23,259)</u></u>              | <u><u>243,333</u></u>               |
| <b>Total comprehensive income for the financial year attributable to:</b> |                                     |                                     |
| Owners of the parent  | <u><u>(23,259)</u></u>              | <u><u>243,333</u></u>               |
| Non-controlling interests   | <u><u>0</u></u>                     | <u><u>0</u></u>                     |

# STOW SECURITIES PLC

## Balance sheet

As at 31 December 2020

|   | Note | £                  | 2020<br>£      | £                  | 2019<br>£      |
|---|------|--------------------|----------------|--------------------|----------------|
| <b>Fixed assets</b>                                   |      |                    |                |                    |                |
| Tangible assets                                       | 10   |                    | 41,602         |                    | 151,071        |
| <b>Current assets</b>                                 |      |                    |                |                    |                |
| Debtors   | 11   | 5,320,329          |                | 4,305,244          |                |
| Cash at bank  |      | 23                 |                | 3                  |                |
|   |      | <u>5,320,352</u>   |                | <u>4,305,247</u>   |                |
| <b>Creditors: amounts falling due within one year</b> | 12   | <u>(5,150,600)</u> |                | <u>(4,221,705)</u> |                |
| <b>Net current assets</b>                             |      |                    | <u>169,752</u> |                    | <u>83,542</u>  |
| <b>NET ASSETS</b>                                     |      |                    | <u>211,354</u> |                    | <u>234,613</u> |
| <b>Capital and reserves</b>                           |      |                    |                |                    |                |
| Called up share capital                               | 16   |                    | 50,000         |                    | 50,000         |
| Profit and loss account                               |      |                    | <u>161,354</u> |                    | <u>184,613</u> |
| <b>Shareholders' surplus</b>                          |      |                    | <u>211,354</u> |                    | <u>234,613</u> |

These financial statements were approved by the Board of Directors on 2nd August 2021

Signed on behalf of the Board of Directors, registered number 06127869



J R Milne  
Director



S T Mainee  
Director

# STOW SECURITIES PLC

## Statement of changes in equity As at 31 December 2020

|                                 | Called up<br>share capital | Profit and<br>loss account | Total          |
|---------------------------------|----------------------------|----------------------------|----------------|
|                                 | £                          | £                          | £              |
| <b>At 1 January 2019</b>        | <b>50,000</b>              | <b>(58,720)</b>            | <b>(8,720)</b> |
| Profit for the financial year   | 0                          | 243,333                    | 243,333        |
| Dividend for the financial year | 0                          | (0)                        | (0)            |
| <b>At 31 December 2019</b>      | <b>50,000</b>              | <b>184,613</b>             | <b>234,613</b> |
| (Loss) for the financial year   | 0                          | (23,259)                   | (23,259)       |
| Dividend for the financial year | 0                          | (0)                        | (0)            |
| <b>At 31 December 2020</b>      | <b>50,000</b>              | <b>161,354</b>             | <b>211,354</b> |

# STOW SECURITIES PLC

## Notes to the financial statements Year ended 31 December 2020

### 1. Company information

Stow Securities plc ("the company") is a management and administration company which manages investment properties in Central London, on behalf of the wider group.

The company is a public company limited by shares and is incorporated and domiciled in England and Wales under the Companies Act 2006. The address of the registered office is 86 Brook Street, London W1K 5AY.

### 2. Basis of preparation

These financial statements are prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102') and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

The financial statements are presented in Sterling (£), being the functional currency of the Company and the currency of the primary economic environment in which the Company operates, and are rounded to the nearest pound.

Stow Securities Plc meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Stow Securities plc is consolidated in the financial statements of its parent Stow Capital Partners Limited. Exemptions have been taken in these separate Company financial statements in relation to share-based payments, financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

#### Going concern

The company has net assets as at 31 December 2020, and is able to meet its liabilities as they fall due.

After making enquiries and taking account of the factors noted above, the directors have a reasonable expectation that the company will have access to adequate resources to continue in existence for the foreseeable future, being at least 12 months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

### 3. Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Tangible assets – the reported carrying value of the fixed assets as at the balance sheet date.

Taxation - The company applies judgement in calculating current tax and deferred tax assets and liabilities, including the utilisation of deferred tax assets against future taxable profits.

### 4. Principal accounting policies

#### Taxation

Current tax, including UK income tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

#### Turnover

Management fees for the provision of management and administration services, exclusive of Value Added Tax.

#### Tangible fixed assets other than investment properties

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings: Five years straight line

Leasehold improvements: Over the life of the lease

# STOW SECURITIES PLC

## Notes to the financial statements

Year ended 31 December 2020

### 4. Principal 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, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument, and are offset only when the company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### Financial assets

Trade, group and other debtors (including accrued income) which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a debtor constitutes a financing transaction, the debtor is initially measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument and subsequently measured at amortised cost.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

#### Financial liabilities

Financial instruments are classified as liabilities and equity instruments 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.

Trade, group and other creditors (including accruals) payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being transaction price less any amounts settled.

Where the arrangement with a creditor constitutes a financing transaction, the creditor is initially measured at the present value of future payments discounted at a market rate of interest for a similar instrument and subsequently measured at amortised cost.

#### Equity instruments

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

#### Operating leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

#### Retirement benefits

The company makes contributions to a defined contribution scheme, the assets of the scheme being held separately from the assets of the company. The pension cost charge represents contributions payable to the scheme.

# STOW SECURITIES PLC

## Notes to the financial statements Year ended 31 December 2020

### 5. Turnover

The turnover and profit before tax are attributable to the one principal activity of the Company:

An analysis of turnover is given below:

|                | 2020    | 2019      |
|----------------|---------|-----------|
|                | £       | £         |
| United Kingdom | 713,151 | 1,892,017 |

### 6. Operating profit

|   | 2020    | 2019      |
|---|---------|-----------|
|   | £       | £         |
| <b>Operating profit is after charging</b>                   |         |           |
| Depreciation of tangible assets                             | 11,855  | 38,288    |
| Loss on disposal of tangible fixed assets                   | 148,551 | 0         |
| Operating lease rentals                                     | 45,707  | 120,196   |
| Fees payable for the audit of the Company's annual accounts | 7,000   | 5,000     |
| Staff costs (note 7)  | 232,492 | 1,335,083 |

### 7. Director and employee remuneration

|                       | 2020    | 2019      |
|-----------------------|---------|-----------|
|                       | £       | £         |
| Wages and salaries    | 182,980 | 1,152,514 |
| Social security costs | 16,451  | 147,143   |
| Other pension costs   | 33,061  | 35,426    |
|                       | 232,492 | 1,335,083 |

The average number of persons employed by the group (including directors) during the year was 5 (2019 – 5).

#### Directors' emoluments:

Employment costs include the following remuneration in respect of directors:

|                                      | 2020    | 2019      |
|--------------------------------------|---------|-----------|
|                                      | £       | £         |
| Emoluments (excluding employer's NI) | 75,479  | 1,020,910 |
| Pension contributions                | 30,343  | 32,233    |
|                                      | 105,822 | 1,053,143 |

**The number of directors who:**  
are members of a money purchase pension scheme

| Number | Number |
|--------|--------|
| 1      | 1      |

The above relates to company contribution towards a personal money purchase pension.

#### Remuneration of the highest paid director

|            | 2020   | 2019    |
|------------|--------|---------|
|            | £      | £       |
| Emoluments | 74,165 | 653,824 |

# STOW SECURITIES PLC

## Notes to the financial statements Year ended 31 December 2020

### 8. Tax on profit on ordinary activities

The tax charge comprises:

|   | 2020<br>£     | 2019<br>£       |
|---|---------------|-----------------|
| Current tax charge – current year                                 | 21,834        | 9,369           |
| <b>Total current tax</b>  | <b>21,834</b> | <b>9,369</b>    |
| <b>Deferred tax:</b>  |               |                 |
| Origination and reversal of timing differences                    | 66,257        | (80,700)        |
| <b>Total deferred tax (see note 13)</b>                           | <b>66,257</b> | <b>(80,700)</b> |
| <b>Total tax charge/(credit) on profit on ordinary activities</b> | <b>88,091</b> | <b>(71,331)</b> |

A current rate of 19.00% has been applied to the profit for the year ended 31 December 2020 (2019 – 19.00%). A deferred tax rate of 19% (2019: 17%) has been applied to the closing balance and movements in deferred tax in the year ended 31 December 2020.

#### Reconciliation of the tax charge

The tax assessed on the profit on ordinary activities for the year is lower (2019 – lower) than the standard rate of corporation tax in the UK of 19.00% (2019 – 19.00%).

|  | 2020<br>£     | 2019<br>£       |
|--|---------------|-----------------|
| Profit on ordinary activities before taxation        | 64,832        | 172,002         |
| Profit on ordinary activities by rate of tax         | 12,318        | 32,680          |
| Effects of:  |               |                 |
| Expenses not deductible for tax purposes             | 407           | 175             |
| Excess of accounting profits over chargeable gains   | 3,266         | 0               |
| Group relief not paid for                            | 58,840        | (114,510)       |
| Under provision in previous year                     | 21,834        | 0               |
| Difference in current and deferred tax rates         | 0             | 9,494           |
| Change in rate of deferred tax                       | (9,384)       | 0               |
| Depreciation of assets not qualifying for allowances | 810           | 830             |
| <b>Total tax charge/(credit) for the year</b>        | <b>88,091</b> | <b>(71,331)</b> |

Under UK GAAP, deferred tax, where applicable, is calculated at the tax rate that has been enacted or substantively enacted at the balance sheet date. Deferred tax in these financial statements has therefore been calculated at 19%.

In the Spring Budget 2021 on 3 March 2021, the Government announced that from 1 April 2023 the corporation tax rate would increase to 25% for companies with profits of over £ 250,000. A small profits rate will also be introduced for companies with profits of £ 50,000 or less so that they will continue to pay corporation tax at 19%. From this date companies with profits between £ 50,000 and £ 250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective corporation tax rate.

### 9. Dividends

A dividend of £ 0 was paid on the ordinary shares during the year (2019 - £ 0).



# STOW SECURITIES PLC

## Notes to the financial statements Year ended 31 December 2020

### 10. Tangible fixed assets

| Cost                  | Leasehold<br>improvements<br>£ | Office<br>equipment,<br>fixtures and<br>fittings<br>£ | Total<br>£ |
|-----------------------|--------------------------------|---|------------|
| At 1 January 2020     | 336,757                        | 64,842  | 401,599    |
| Additions in the year | 45,783                         | 5,154   | 50,937     |
| Disposal in the year  | (336,757)                      | (27,294)  | (364,051)  |
| At 31 December 2020   | 45,783                         | 42,702  | 88,485     |
| <b>Depreciation</b>   |                                |   |            |
| At 1 January 2020     | 190,156                        | 60,372  | 250,528    |
| Charge for the year   | 10,170                         | 1,685   | 11,855     |
| Disposal for the year | (190,156)                      | (25,344)  | (215,500)  |
| At 31 December 2020   | 10,170                         | 36,713  | 46,883     |
| <b>Net book value</b> |                                |   |            |
| At 31 December 2020   | 35,613                         | 5,989   | 41,602     |
| At 31 December 2019   | 146,601                        | 4,470   | 151,071    |

### 11. Debtors

|                                    | 2020<br>£        | 2019<br>£        |
|------------------------------------|------------------|------------------|
| Trade debtors                      | 0                | 5,550            |
| Deferred tax (see note 13)         | 13,505           | 79,762           |
| Corporation tax                    | 0                | 12,466           |
| Other debtors                      | 565              | 416              |
| VAT                                | 0                | 8,620            |
| Amounts owed by group undertakings | 5,231,350        | 4,114,143        |
| Prepayments and accrued income     | 74,909           | 84,287           |
|                                    | <u>5,320,329</u> | <u>4,305,244</u> |

The intercompany balances included within "Amounts owed by group undertakings" above do not attract any interest on the balances outstanding at the year end and are repayable on demand.

# STOW SECURITIES PLC

## Notes to the financial statements Year ended 31 December 2020

### 12. Creditors: amounts falling due within one year

|                                   | 2020             | 2019             |
|-----------------------------------|------------------|------------------|
|                                   | £                | £                |
| Trade creditors                   | 25,587           | 19,468           |
| Other creditors                   | 3,655,578        | 2,197,401        |
| Corporation tax payable           | 0                | 0                |
| Deferred tax (see note 13)        | 0                | 0                |
| VAT                               | 143,076          | 0                |
| Other tax and social security     | 133,513          | 21,308           |
| Amounts due to group undertakings | 1,177,907        | 1,177,380        |
| Accruals and deferred income      | 14,939           | 806,148          |
|                                   | <u>5,150,600</u> | <u>4,221,705</u> |

The intercompany balances included within "Amounts due to group undertakings" above do not attract any interest on the balances outstanding at the year end and are repayable on demand.

### 13. Deferred taxation

The movement in the deferred taxation during the year was:

|  | 2020          | 2019          |
|--|---------------|---------------|
|  | £             | £             |
| Balance brought forward                                  | 79,762        | (989)         |
| Difference in respect of prior year                      | 0             | 51            |
| Profit and loss account movement arising during the year | (66,257)      | 80,700        |
| Balance carried forward                                  | <u>13,505</u> | <u>79,762</u> |

The deferred tax asset consists of the tax effect of timing differences in respect of:

|  | 2020<br>recognised | 2019<br>recognised |
|--|--------------------|--------------------|
|  | £                  | £                  |
| Excess of capital allowances over depreciation on fixed assets | 13,505             | 891                |
| Other short term timing differences                            | 0                  | 78,871             |
| Tax losses carried forward                                     | 0                  | 0                  |
|  | <u>13,505</u>      | <u>79,762</u>      |

There are no unprovided deferred tax balances available to the Company.

### 14. Retirement benefit schemes

#### Defined contribution schemes

The company contributes to defined contribution pension schemes for all qualifying employees. The assets of the schemes are held separately from those of the company in independently administered funds.

The charge to profit and loss in respect of defined contribution schemes was £ 33,061 (2019: £ 35,426).

# STOW SECURITIES PLC

## Notes to the financial statements Year ended 31 December 2020

### 15. Operating lease commitments

At the reporting end date, the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

|                            | 2020           | 2019          |
|----------------------------|----------------|---------------|
|                            | £              | £             |
| Within one year            | 108,273        | 55,663        |
| Between two and five years | 130,224        | 0             |
|                            | <u>238,497</u> | <u>55,663</u> |

### 16. Called up share capital

|   | 2020          | 2019          |
|---|---------------|---------------|
|   | £             | £             |
| <b>Called up, allotted and fully paid</b> |               |               |
| 50,000 ordinary shares of £1 each         | <u>50,000</u> | <u>50,000</u> |

The Company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

### 17. Related parties

During the year, an amount of £ 3,655,182 (2019: £ 2,197,401) was owed by the company to Stow Real Estate Management Limited, an entity incorporated in England and Wales. Stow Real Estate Management Limited is a related party by virtue of common directorship.

During the year, the company entered into the following transactions with related parties:

Payments made by related party on behalf of the company £ 1,481,646 – (2019: £ 1,352,976)

Receipts from related parties on behalf of the company £ 23,865 – (2019: £ 76,081)

During the year, an amount of £ 0 (2019: £ 5,550) was owed to the company by Stow 36 Park Street Jersey Limited, an entity incorporated in Jersey. Stow 36 Park Street Jersey Limited is a related party by virtue of common shareholder. During the year, the company received £ 11,550 (2019 - £ 22,200) from Stow 36 Park Street Limited with respect to management fees due to the company.

As permitted by FRS 102 Section 33 "related party disclosures" the financial statements do not disclose transactions with the parent company and fellow subsidiaries where 100% of the voting rights are wholly controlled by the group.

### 18. Immediate and ultimate parent company

The Company is a wholly owned subsidiary of Stow Capital Partners Limited. The directors regard Stow Capital Partners Limited, a company registered in Bermuda, as the immediate and the ultimate parent company.

Stow Capital Partners Limited is the smallest and largest group that the Company's accounts are consolidated into. Copies of the accounts can be obtained from Victoria Place, 5th Floor, 31 Victoria Street, P O Box HM 1624, City of Hamilton, HM 10, Bermuda.