

COMPANY REGISTRATION NUMBER: 06277527

Chancerygate (Warrington) Limited
Financial Statements
31 March 2017



Chancerygate (Warrington) Limited

Financial Statements

Year ended 31 March 2017

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Chancerygate (Warrington) Limited

Officers and Professional Advisers

The board of directors

Mr James Deane
Mr Edwin Cook

Company secretary

Chancerygate Corporate Services Limited

Registered office

12A Upper Berkeley Street
London
W1H 7QE

Auditor

Grant Thornton UK LLP
Chartered Accountant & Statutory Auditor
Grant Thornton House
202 Silbury Boulevard
Central Milton Keynes
MK9 1LW

Chancerygate (Warrington) Limited

Directors' Report

Year ended 31 March 2017

The directors present their report and the financial statements of the company for the year ended 31 March 2017.

Directors

The directors who served the company during the year were as follows:

Mr Alastair King
Mr Edwin Cook

Mr James Deane was appointed to the Board, post year end, on 27 June 2017.
Mr Alastair King resigned from the Board, post year end, on 27 June 2017.

Directors' responsibilities statement

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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 judgments 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.

Auditor

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

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Small company provisions

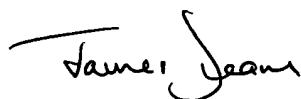
This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

Chancerygate (Warrington) Limited

Directors' Report *(continued)*

Year ended 31 March 2017

This report was approved by the board of directors on 7 September 2017 and signed on behalf of the board by:

A handwritten signature in black ink, appearing to read 'James Deane', with a stylized flourish at the end.

Mr James Deane
Director

Registered office:
12A Upper Berkeley Street
London
W1H 7QE

Chancerygate (Warrington) Limited

Independent Auditor's Report to the Members of Chancerygate (Warrington) Limited

Year ended 31 March 2017

We have audited the financial statements of Chancerygate (Warrington) Limited for the year ended 31 March 2017 which comprise the statement of income and retained earnings, statement of financial position and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its profit 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Chancerygate (Warrington) Limited

Independent Auditor's Report to the Members of Chancerygate (Warrington) Limited *(continued)*

Year ended 31 March 2017

In our opinion, based on the work undertaken during 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.

Matter on which we are required to report under the Companies Act 2006

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.

Matters on which we are required to report by exception

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; and
- 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 in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Grant Thornton UK LLP

Laura Brierley (Senior Statutory Auditor)

For and on behalf of
Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Grant Thornton House
202 Silbury Boulevard
Central Milton Keynes
MK9 1LW

7 September 2017

Chancerygate (Warrington) Limited
Statement of Income and Retained Earnings
Year ended 31 March 2017

	Note	2017 £	2016 £
Turnover	4	7,712,140	–
Cost of sales		(6,292,980)	(2,685)
Gross profit/(loss)		1,419,160	(2,685)
Administrative expenses		(2,734)	(575)
Exceptional item - unrealised gain on transfer to investment property	6	240,721	–
Operating profit/(loss)		1,657,147	(3,260)
Other interest receivable and similar income		1,373	–
Interest payable and similar expenses		(135,557)	(1,110)
Profit/(loss) before taxation	7	1,522,963	(4,370)
Tax on profit/(loss)	8	(180,772)	180,772
Profit for the financial year and total comprehensive income		1,342,191	176,402
Retained earnings/(losses) at the start of the year		25,016	(151,386)
Retained earnings at the end of the year		1,367,207	25,016

All the activities of the company are from continuing operations.

There were no recognised gains or losses for 2017 or 2016 other than those included in the statement of income and retained earnings.

The notes on pages 8 to 16 form part of these financial statements.

Chancerygate (Warrington) Limited

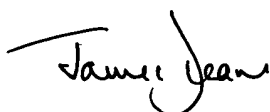
Statement of Financial Position

31 March 2017

	Note	2017 £	2016 £
Fixed assets			
Investment Property	9	800,000	–
Current assets			
Stocks		–	2,736,590
Debtors	10	3,168,267	181,102
Cash at bank and in hand		–	2,450,000
		<u>3,168,267</u>	<u>5,367,692</u>
Creditors: amounts falling due within one year	11	<u>(2,601,059)</u>	<u>(5,342,675)</u>
Net current assets		<u>567,208</u>	<u>25,017</u>
Total assets less current liabilities		<u>1,367,208</u>	<u>25,017</u>
Net assets		<u>1,367,208</u>	<u>25,017</u>
Capital and reserves			
Called up share capital	13	1	1
Profit and loss account	14	1,367,207	25,016
Members funds		<u>1,367,208</u>	<u>25,017</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

These financial statements were approved by the board of directors and authorised for issue on 7 September 2017, and are signed on behalf of the board by:



Mr James Deane
Director

Company registration number: 06277527

The notes on pages 8 to 16 form part of these financial statements.

Chancerygate (Warrington) Limited

Notes to the Financial Statements

Year ended 31 March 2017

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 12A Upper Berkeley Street, London, W1H 7QE.

2. Statement of compliance

These financial statements have been prepared in compliance with the provisions of FRS 102 Section 1A, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

These financial statements have been 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 except for the modification of certain financial assets and liabilities and investment properties measured at fair value through the Statement of Income and Retained Earnings.

The financial statements are presented in Sterling, which is the functional currency of the entity.

Basis of preparation

The company has taken advantage of the disclosure exemption for qualifying entities as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Chancerygate Limited, as at 31 March 2017 and these financial statements may be obtained from Companies House.

Interest costs

All financing costs are recognised in the Statement of Income and Retained Earnings in the year in which they are incurred.

Chancerygate (Warrington) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

3. Accounting policies *(continued)*

Going concern

The financial statements have been prepared on a going concern basis. In considering going concern, management review the financial information of the company for a period of at least 12 months from the date of approval of the financial statements. Having reviewed this information, management believes that the company has sufficient resources to continue in operational existence for the foreseeable future with the support of its parent company. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Debtors

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

Creditors

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

Financial instruments

Loans which include a right to a share in the profit of a development as well as a fixed rate of interest are measured at amortised cost. The profit share is recognised when the property is sold.

Chancerygate (Warrington) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

3. Accounting policies *(continued)*

Significant judgements and uncertainties

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgements

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

The Company has developed certain criteria in making judgements whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both. Judgement is made on an individual property basis to determine whether it is held as investment property or for sale in the ordinary course of the business.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

(a) Net realisable value of stock

To determine net realisable value, properties are valued on a regular basis by either an independent firm of chartered surveyors or the directors of the company on an open market basis as defined by the Royal Institute of Chartered Surveyors. There is no provision for property depreciation or amortisation as this is already factored into the valuation.

(b) Deferred taxation

Where a deferred tax asset has been recognised, judgement is made on the recoverability of that asset. This is based on sensitising management forecasts to estimate the future taxable profits against which the losses will be relieved. Judgements have been made in respect of profitability going forward based upon current and anticipated sales of property and rental income.

Where a deferred tax asset has not been recognised, judgement has been made by the directors of the company that the asset should not be recognised based on the expectation of the current market. This is then reviewed and approved by the Board of Directors of the parent company on an annual basis.

(c) Fair value measurement of investment property

The Group's investment properties are carried at valuation at the end of the reporting period, in line with the accounting standard. In determining the fair value of the asset, we have applied the relevant methodologies as discussed in note 9.

(d) Profit share liability

For the majority of our developments, funding is obtained from a third party via the parent company and is subject to interest. There is also an entitlement to a share of profits should the development be disposed of. The loan is measured on an amortised cost basis in the profit and loss account. The profit share liability is recognised on disposal of the development. The profitability of each development can vary from the offset depending on construction costs and market conditions. As at 31 March 2017, we estimate the unaccrued profit share liability to be approximately £81,750.

Chancerygate (Warrington) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

3. Accounting policies *(continued)*

Revenue recognition

Turnover represents rental income, income from the sale of trading properties and developments, development management fees, project management fees and commission receivable. All income arises solely within the United Kingdom.

Sales of properties are accounted for when exchanged contracts become unconditional.

Profits on pre-sold development properties are only accounted for when all material development risks have passed.

Rental income on operating leases is recognised on a straight line basis over the lease term.

For development income, where the outcome of construction contracts can be reliably estimated, contract revenue and contract costs are recognised by reference to the stage of completion of the contract activity as at the period end.

Investment property

Investment property is carried at fair value determined annually by directors of the ultimate parent Company, Chancerygate Limited. No depreciation is provided. Changes in fair value are recognised in the Statement of Income and Retained Earnings.

Exceptional items

Exceptional items are disclosed separately in the financial statements in order to provide further understanding of the financial performance of the entity. They are material items of income or expense that have been shown separately because of their nature or amount.

Chancerygate (Warrington) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

3. Accounting policies *(continued)*

Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

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

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is recognised when income or expenses from a subsidiary or associate have been recognised, and will be assessed for tax in a future period, except where:

- the company is able to control the reversal of the timing difference; and
- it is probable that the timing difference will not reverse in the foreseeable future.

A deferred tax liability or asset is recognised for the additional tax that will be paid or avoided in respect of assets and liabilities that are recognised in a business combination. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference. With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- the company has a legally enforceable right to set off current tax assets against current tax liabilities, and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

Stocks

Stocks are valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs to completion and disposal.

Development costs directly attributable to property development activities are capitalised and included as part of the work in progress balance in stock and realised at time of sale.

Chancerygate (Warrington) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

4. Turnover

Turnover arises from:

	2017 £	2016 £
Sale of property	7,595,000	—
Rental income	111,309	—
Miscellaneous income	5,831	—
	<u>7,712,140</u>	<u>—</u>

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

5. Auditor's remuneration

	2017 £	2016 £
Fees payable for the audit of the financial statements	<u>1,750</u>	<u>865</u>

6. Exceptional items

	2017 £	2016 £
Transfer to investment property	<u>240,721</u>	<u>—</u>

As at 31 March 2017 the Company reclassified its' trading property from stock to investment property, resulting in an unrealised gain on transfer to investment property. See note 9 for further detail.

7. Profit before taxation

Profit before taxation is stated after (crediting)/charging:

	2017 £	2016 £
Transfer to investment property	<u>(240,721)</u>	<u>—</u>

8. Tax on profit/(loss)

Major components of tax expense/(income)

	2017 £	2016 £
Current tax:		
UK current tax income	—	(180,772)
Deferred tax:		
Origination and reversal of timing differences	<u>180,772</u>	<u>—</u>
Tax on profit/(loss)	<u>180,772</u>	<u>(180,772)</u>

Chancerygate (Warrington) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

8. Tax on profit/(loss) *(continued)*

Reconciliation of tax expense/(income)

The tax assessed on the profit on ordinary activities for the year is lower than (2016: lower than) the standard rate of corporation tax in the UK of 20% (2016: 20%).

	2017	2016
	£	£
Profit/(loss) on ordinary activities before taxation	<u>1,522,963</u>	<u>(4,370)</u>
Profit/(loss) on ordinary activities by rate of tax	305,343	874
Utilisation of tax losses	(181,646)	(181,646)
Group relief claimed	(123,697)	–
Movement in deferred tax asset	<u>180,772</u>	<u>–</u>
Tax on profit/(loss)	<u>180,772</u>	<u>(180,772)</u>

There are tax losses carried forward of approximately £nil (2016: £903,861) available for offset against future profits.

9. Investment property

	Investment Property £	Total £
Cost		
Additions	800,000	800,000
At 31 March 2017	<u>800,000</u>	<u>800,000</u>
Depreciation		
At 1 Apr 2016 and 31 Mar 2017	<u>–</u>	<u>–</u>
Carrying amount		
At 31 March 2017	<u>800,000</u>	<u>800,000</u>
At 31 March 2016	<u>–</u>	<u>–</u>

Chancerygate (Warrington) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

9. Investment property *(continued)*

As at 31 March 2017, following a strategic review of the business, the Company reclassified its trading property from stock to investment property, as the intention is to now hold onto the asset for the longer term. Stock is valued at the lower of cost and net realisable value and investment properties are held at fair value. Therefore an unrecognised gain or loss arises on the transfer which is recognised in the profit and loss account.

In December 2016, Colliers undertook a valuation of the property on behalf of the bank. Colliers is an independent firm of chartered surveyors, whom have a recognised and relevant professional qualification. The basis of an open market value used is in accordance with the definition provided by the Royal Institute of Chartered Surveyors. At 31 March 2017, the property was valued by an internal chartered surveyor, with a recognised and relevant professional qualification. The Colliers valuation done three months prior was taken into consideration by the director, as well as the following critical assumptions:

- Tenure type (freehold or leasehold)
- Tenancy arrangements
- Remaining lease terms
- Rent review provisions
- Property age, condition and dilapidation requirements

10. Debtors

	2017	2016
	£	£
Trade debtors	12,182	–
Amounts owed by group undertakings	3,154,527	–
Deferred tax asset	–	180,772
Other debtors	1,558	330
	<u>3,168,267</u>	<u>181,102</u>

Amounts owed by group undertakings are repayable on demand and interest free.

11. Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	–	76,516
Amounts owed to group undertakings	2,553,629	5,264,234
Accruals and deferred income	47,430	1,925
	<u>2,601,059</u>	<u>5,342,675</u>

The amount owed to group undertakings includes an amount of £2,250,000 in respect of a loan passed to the company via the parent and on which interest is paid. That loan also carries a right to a share in the profit on the development should it be disposed of. No interest is charged on the remainder of the amount owed to group undertakings.

Chancerygate (Warrington) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

12. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2017 £	2016 £
Included in debtors (note 10)	<u>—</u>	<u>180,772</u>

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

	2017 £	2016 £
Unused tax losses	<u>—</u>	<u>(180,772)</u>

13. Called up share capital

Issued, called up and fully paid

	2017		2016	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

14. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

15. Controlling party

The immediate parent of the company is Chancerygate (Business Centre) Limited, a company incorporated in the United Kingdom, and Chancerygate Limited is the ultimate parent company. A W Johnson is the ultimate controlling party.