

REGISTERED NUMBER: 06422992 (England and Wales)

Graham Penny Auctions Limited
Report of the Directors and
Audited Financial Statements for the Year Ended 31 March 2019



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for the Year Ended 31 March 2019**

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Graham Penny Auctions Limited

**Company Information
for the Year Ended 31 March 2019**

DIRECTORS:

P R Gratton
A Parker
P Lindley

SECRETARY:

C S Staley

REGISTERED OFFICE:

17 Regan Way
Chilwell
Nottingham

REGISTERED NUMBER:

06422992 (England and Wales)

AUDITORS:

KPMG
St Nicholas House
31 Park Row
Nottingham
NG1 6FQ

**Report of the Directors
for the Year Ended 31 March 2019**

The directors present their report with the financial statements of the company for the year ended 31 March 2019.

REVIEW OF BUSINESS

During the year the company ceased trading. The company is now dormant and will be for the foreseeable future. See accounting policies on page 11 for further details.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2018 to the date of this report.

P R Gratton
A Parker
P Lindley (Appointed 10 September 2019)
C J Anderton (Resigned 10 September 2019)
M R J Daly (Resigned 31 July 2018)

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The director at the time when this Director's Report is approved has confirmed that:

- so far as is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

AUDITOR

The auditor, KPMG, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:



.....
Director PJ Lindley

Date: 19 DEC 2019

**Statement of Directors' Responsibilities
for the Year Ended 31 March 2019**

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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 of 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so (as explained in the accounting policies on page 11 the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis).

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Report of Independent Auditor's to the Members of Graham Penny Auctions Limited

Opinion

We have audited the financial statements of Graham Penny Auctions Limited (the 'company') for the year ended 31 March 2019 which comprise the Income Statement, Statement of Financial Position, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards including FRS 101 *Reduced Disclosure Framework*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Emphasis of matter – non-going concern basis of preparation

We draw attention to the disclosure made in the accounting policies in note 2 of the financial statements which explains that the financial statements have not been prepared on the going concern basis for the reason set out in that note. Our opinion is not modified in respect of this matter.

Directors' Report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' reports;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion the report has been prepared in accordance with the Companies Act 2006.

Report of the Independent Auditor to the Members of Graham Penny Auctions Limited (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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 take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. 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.

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.

The purpose of our audit work and to whom we owe our responsibility

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.



Louise De Lucchi (Senior Statutory Auditor)
for and on behalf of KPMG

St Nicholas House

31 Park Row

Nottingham

NG1 6FQ

Date: 24/12/19

**Statement of Comprehensive Income
for the Year Ended 31 March 2019**

	Notes	2019 £	2018 £
TURNOVER	3	7,496	712,095
Cost of sales		<u>-</u>	<u>(161,629)</u>
GROSS PROFIT		7,496	550,466
Depreciation and amortisation		(1,309)	(6,610)
Administrative expenses		<u>(10,001)</u>	<u>(329,544)</u>
OPERATING (LOSS)/PROFIT		(3,841)	214,312
Impairment of Goodwill and Intangible assets	5	<u>(221,277)</u>	<u>-</u>
		(225,091)	214,312
Interest receivable and similar income		<u>3,117</u>	<u>6,761</u>
(LOSS)/PROFIT BEFORE TAXATION	6	(221,974)	221,073
Tax on (loss)/profit	7	<u>(423)</u>	<u>(2,926)</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(222,397)	218,147
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(222,397)</u>	<u>218,147</u>

The notes form part of these financial statements

Graham Penny Auctions Limited (Registered number: 06422992)

**Statement of Financial Position
31 March 2019**

	Notes	2019		2018	
		£	£	£	£
FIXED ASSETS					
Intangible assets	9		-		222,130
Tangible assets	10		<u>-</u>		<u>470</u>
			-		222,600
CURRENT ASSETS					
Debtors	11	1		211,329	
Cash in hand		<u>-</u>		<u>17,603</u>	
		1		228,932	
CREDITORS					
Amounts falling due within one year	12	<u>-</u>		<u>128,053</u>	
NET CURRENT ASSETS			<u>1</u>		<u>100,879</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1</u>		<u>323,479</u>
CAPITAL AND RESERVES					
Called up share capital	13		1		30
Retained earnings			<u>-</u>		<u>323,449</u>
SHAREHOLDERS' FUNDS			<u>1</u>		<u>323,479</u>

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the Board of Directors on 19 DEC 2019 and were signed on its behalf by:



.....
Director PJ Lindley

The notes form part of these financial statements

**Statement of Changes in Equity
for the Year Ended 31 March 2019**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 April 2017	30	105,302	105,332
Changes in equity			
Total comprehensive income	-	218,147	218,147
Balance at 31 March 2018	30	323,449	323,479
Changes in equity			
Reduction in share capital	(29)	29	-
Dividends	-	(101,081)	(101,081)
Total comprehensive income	-	(222,397)	(222,397)
Balance at 31 March 2019	1	-	1

**Notes to the Financial Statements
for the Year Ended 31 March 2019**

1. STATUTORY INFORMATION

Graham Penny Auctions Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payment;
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations;
- the requirements of paragraph 33(c) of IFRS 5 Non Current Assets Held for Sale and Discontinued Operations;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
 - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
 - paragraph 50 of IAS 41 Agriculture;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group;
- the requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets.

Turnover

Revenue is measured based on consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control over a product or service to a customer.

Turnover comprises auction fees exclusive of value added tax. Fees are recognised when the property is sold. This is the same as in the comparative period.

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2019**

2. ACCOUNTING POLICIES - continued

Goodwill

Goodwill represents the excess of the costs of a business combination over the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued.

When a business combination agreement provides for an adjustment to the cost of the combination which is contingent on future events, the company includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probably and can be measured reliably. However, if the potential adjustment is not recognised at the acquisition date but subsequently becomes probable and can be measured reliably, the additional consideration shall be treated as an adjustment to the cost of the combination. Changes in the estimated value of contingent consideration arising on business combinations completed as a consequence results in a change in the carrying value of the related goodwill.

Goodwill is capitalised as an intangible asset and is not amortized. Instead it is reviewed annually for impairment with any impairment in carrying value being charged to profit and loss. The Companies Act 2006 requires acquired goodwill to be reduced by provisions for depreciation calculated to write off the amount systematically over a period chosen by the directors, not exceeding its useful economic life. It has been deemed, however, the non-amortisation of goodwill is a departure, for the overbidding purpose of giving a true and fair view. The effect of this departure has not been quantified because it is impracticable and, in the opinion of the directors, would be misleading.

Going concern – Break up basis

As set out in the in the Directors' report the decision has been taken to cease trade in this entity. As a result these accounts are no longer prepared on a going concern basis. All assets and liabilities have been transferred to SDL Auctions Limited, a fellow subsidiary of SDL Property Services Group, for nominal consideration with a loss recognised in the Statement of Comprehensive Income. All remaining reserves were paid out by way of a dividend to SDL Property Services Group Limited.

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2019**

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

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

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Short-term leasehold property - 25% straight line on cost
Fixtures and fittings - 25% straight line on cost

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2019**

2. ACCOUNTING POLICIES - continued

Impairment excluding stocks and deferred tax assets

1.5 Financial instruments (policy applicable from 1 April 2018)

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

(a) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI - debt investment; FVOCI - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

Investments in subsidiaries are accounted for in accordance with IFRS 9.

Cash and cash equivalents

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2019**

2. ACCOUNTING POLICIES - continued

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

(b) Subsequent measurement and gains and losses

Financial assets at FVTPL - these assets (other than derivatives designated as hedging instruments) are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities and equity

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Intra-group financial instruments

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2019**

2. ACCOUNTING POLICIES - continued

(iv) Impairment

The company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets (as defined in IFRS 15).

The company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2019**

2. ACCOUNTING POLICIES - continued

Financial assets (pre April 1 2018 including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to group of CGU's that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis

An impairment loss in respect of goodwill is not reversed.

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2019**

2. ACCOUNTING POLICIES - continued

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that the will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and

- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

Operating leases: the company as leasee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the leasee's benefit from the use of the leased asset.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2019**

2. ACCOUNTING POLICIES - continued

Non-derivative financial instruments

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequently to initial recognition, they are measured at amortised cost using the effective interest method, less any impairment loss

Short term debtors are measured at transaction price, less 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.

Trade and other creditors

Trade and other creditors are initially recognised at fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method. Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate.

3. TURNOVER

The following is a description of the principal activities from which the Company generates its revenue in line with IFRS 15. For further detail on the accounting policy for the current year please see note 2.

The company generates all its revenue from commission on organisation of financial products at the inception of the product to which it relates as this is considered to be the point at which the performance obligation is satisfied. Cash is received in the week following recognition.

All turnover was generated in the United Kingdom. There is no deferred or accrued income on either the opening or closing balance sheet.

4. EMPLOYEES AND DIRECTORS

All employee related costs are now incurred by SDL Group Services, a fellow subsidiary of SDL Property Services Group Limited. There are no employees in 2019 (2018:16) in line with the change of accounting policy for the current year see note 11 for more detail.

Due to the change in accounting policy Directors costs are now disclosed in SDL Group Services Limited, a fellow subsidiary.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2019

5. **EXCEPTIONAL ITEMS**

	2019 £	2018 £
Impairment of Goodwill and Intangible assets	<u>(221,277)</u>	<u>-</u>

Exceptional items relate to impairment goodwill and intangible assets due to the cessation of trade within the entity during the current year.

6. **OPERATING PROFIT**

The loss before taxation (2018 - profit before taxation) is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets	-	1,451
Defined contribution pension cost	<u>-</u>	<u>13,223</u>

7. **AUDITORS REMUNERATION**

The Company did not pay any auditor's remuneration during the period. The group audit fee was paid by SDL Group Services Limited and has been disclosed in that company's financial statements. Of that the portion relating to the Company was immaterial. The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the group accounts of the parent company.

8. **TAXATION**

Analysis of tax expense

	2019 £	2018 £
Current tax:		
Current year		-
Prior year	<u>(322)</u>	<u>2,921</u>
Total current tax	(322)	2,921
Deferred tax	<u>745</u>	<u>5</u>
Total tax expense in statement of comprehensive income	<u>423</u>	<u>2,926</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2019

8. **TAXATION (Continued)**

Factors affecting the tax expense

The tax assessed for the year is higher (2018 - lower) than the standard rate of corporation tax in the UK. The difference is explained below:

	2019 £	2018 £
(Loss)/profit before income tax	<u>(221,945)</u>	<u>221,073</u>
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	(42,170)	42,004
Effects of:		
Group relief	43,003	(42,237)
Expenses not deductible for tax purposes	(88)	59
Adjustments in respect of prior year	<u>(322)</u>	<u>3,100</u>
Tax expense	<u>423</u>	<u>2,926</u>

From 1 April 2017, the main rate of corporation tax was reduced to 19%. Further reduction to 18% (effective from 1 April 2020) was substantively enacted on 26 October 2015 and an additional reduction to 17% (effective 1 April 2020) was substantially enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. Any deferred tax at 31 March 2019 has been calculated based on the rate of 17% being the rate substantively enacted at the balance sheet at 31 March 2019.

9. **DIVIDENDS**

	2019 £	2018 £
Ordinary shares share of £1		
Final	<u>101,081</u>	<u>-</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2019

10. INTANGIBLE FIXED ASSETS

	Goodwill £	Other intangible assets £	Totals £
COST			
At 1 April 2018	210,000	12,130	222,130
Impairment	(210,000)	(12,130)	(222,130)
At 31 March 2019	-	-	-
NET BOOK VALUE			
At 31 March 2019	-	-	-
At 31 March 2018	210,000	12,130	222,130

11. TANGIBLE FIXED ASSETS

	Plant and machinery etc £
COST	
At 1 April 2018	470
Disposals	(470)
At 31 March 2019	-
NET BOOK VALUE	
At 31 March 2019	-
At 31 March 2018	470

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Trade debtors	-	3,388
Amounts owed by group undertakings	1	206,761
Other debtors	-	1,180
	<u>1</u>	<u>211,329</u>

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

Notes to the Financial Statements - continued
for the Year Ended 31 March 2019

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Trade creditors	-	14
Amounts owed to group undertakings	-	125,118
Tax	-	2,921
	<u>-</u>	<u>128,053</u>

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

14. DEFERRED TAXATION

	2019 £	2018 £
At beginning of year	745	750
Charged to profit or loss	(745)	(5)
At end of year	<u>-</u>	<u>745</u>

The deferred tax asset is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	-	745
	<u>-</u>	<u>745</u>

15. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2019 £	2018 £
Number:	Class:	Nominal value:		
1	Ordinary shares	£1	<u>1</u>	<u>30</u>

Graham Penny Auctions Limited (Registered number: 06422992)

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2019**

16. ULTIMATE CONTROLLING PARTY

The company is a subsidiary undertaking of SDL Property Services Group Limited, which is also considered to be the ultimate controlling party. The results of the Company are included in the financial statements of SDL Property Services Group Limited, incorporated in England & Wales. No other group financial statements include the results of the Company. The consolidated financial statements of the group are available to the public and may be obtained from 3-4 Regan Way, Chilwell, Nottingham, NG9 6RZ.

17. PENSION COMMITMENTS

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £Nil (2018 £13,223). Contributions totalling £Nil (2018 - £Nil) were payable to the fund at the balance sheet date.

18. FINANCIAL INSTRUMENTS

	2019	2018
	£	£
Financial assets		
Cash and Cash equivalents	-	17,603
Debt instruments measured at amortised cost	-	210,584
Total Financial assets	-	228,187
Financial Liabilities		
Instruments at amortised cost	-	(125,132)
Total Financial liabilities	-	(125,132)

Financial assets measured at fair value through profit or loss comprises cash at bank.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, other debtors, prepayments and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, accruals and deferred income and amounts owed to group undertakings.