

REGISTERED NUMBER: 06918528 (England and Wales)

**Report of the Directors and
Financial Statements for the Year Ended 31 December 2018
for
RR Sea St. Helens Limited**



RR Sea St. Helens Limited (Registered number: 06918528)

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for the Year Ended 31 December 2018**

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RR Sea St. Helens Limited
Company Information
for the Year Ended 31 December 2018

DIRECTORS:

D McDonald
SA Campbell

COMPANY SECRETARY:

Link Market Services Limited

REGISTERED OFFICE:

Beaufort House
51 New North Road
Exeter
EX4 4EP

REGISTERED NUMBER:

06918528 (England and Wales)

AUDITOR:

RSM UK Audit LLP
Chartered Accountants
3rd Floor Centenary House
69 Wellington Street
Glasgow
G2 6HG

**Report of the Directors
for the Year Ended 31 December 2018**

The directors present their report with the financial statements of the company for the year ended 31 December 2018.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of property investment.

REVIEW OF BUSINESS

The investment property was revalued at 31 December 2018 resulting in a revaluation loss of £220,000 (2017 - £140,000). The directors intend to continue holding the investment property as a long term investment.

The comparative figures in the financial statements and related notes are for a 15 month period ended 31 December 2017. The accounting period was changed during the prior period to align with the ultimate parent, Regional REIT Limited.

DIVIDENDS

The loss for the year, after taxation, amounted to £43,595 (2017 - profit £136,507). Particulars of dividends paid are detailed in note 7 to the financial statements.

DIRECTORS

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

D McDonald
SA Campbell

DIRECTORS' QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

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

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

**Report of the Directors
for the Year Ended 31 December 2018**

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditor is unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

AUDITOR

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

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

ON BEHALF OF THE BOARD:


SA Campbell - Director

Date: 23 SEPTEMBER 2019

**Independent Auditor's Report to the Members of
RR Sea St. Helens Limited**

Opinion

We have audited the financial statements of RR Sea St. Helens Limited (the 'company') for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the notes to the financial statements, 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Directors for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

**Independent Auditor's Report to the Members of
RR Sea St. Helens Limited - 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 Report of the Directors.

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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 2, 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.

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

Use of our report

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

RSM UK Audit LLP

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

Date: 26/5/19

**Statement of Comprehensive Income
for the Year Ended 31 December 2018**

		Year Ended 31.12.18		Period 1.10.16 to 31.12.17	
	Notes	£	£	£	£
REVENUE	2		290,350		367,333
Cost of sales			<u>(4,528)</u>		<u>(988)</u>
GROSS PROFIT			294,878		368,321
Fair value loss on revaluation of investment property		220,000		140,000	
Administrative expenses		<u>54,666</u>		<u>23,138</u>	
			<u>274,666</u>		<u>163,138</u>
OPERATING PROFIT	4		20,212		205,183
Interest receivable and similar income			<u>81</u>		<u>19</u>
			20,293		205,202
Interest payable and similar expenses	5		<u>63,733</u>		<u>68,695</u>
(LOSS)/PROFIT BEFORE TAXATION			(43,440)		136,507
Tax on (loss)/profit	6		<u>155</u>		<u>-</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR			(43,595)		136,507
OTHER COMPREHENSIVE INCOME			<u>-</u>		<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			<u>(43,595)</u>		<u>136,507</u>

The notes form part of these financial statements

Statement of Financial Position
31 December 2018

	Notes	2018 £	2017 £
FIXED ASSETS			
Investment property	8	3,410,000	3,630,000
CURRENT ASSETS			
Debtors	9	4,528	
Cash at bank		<u>272,851</u>	<u>108,382</u>
		277,379	108,382
CREDITORS			
Amounts falling due within one year	10	<u>(38,885)</u>	<u>(9,768)</u>
NET CURRENT ASSETS		<u>238,494</u>	<u>98,614</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,648,494	3,728,614
CREDITORS			
Amounts falling due after more than one year	11	<u>(1,880,773)</u>	<u>(1,917,298)</u>
NET ASSETS		<u>1,767,721</u>	<u>1,811,316</u>
CAPITAL AND RESERVES			
Called up share capital	13	1,260,000	1,260,000
Retained earnings		<u>507,721</u>	<u>551,316</u>
SHAREHOLDERS' FUNDS		<u>1,767,721</u>	<u>1,811,316</u>

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

The financial statements were approved by the Board of Directors, authorised for issue on 23 SEPTEMBER 2019 and were signed on its behalf by:


SA Campbell - Director

**Statement of Changes in Equity
for the Year Ended 31 December 2018**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 October 2016	3,760,000	706,840	4,466,840
Changes in equity			
Share capital reduction	(2,500,000)	2,500,000	-
Dividends	-	(227,448)	(227,448)
Intergroup loan forgiveness	-	(2,564,583)	(2,564,583)
Total comprehensive income	-	136,507	136,507
Balance at 31 December 2017	<u>1,260,000</u>	<u>551,316</u>	<u>1,811,316</u>
Changes in equity			
Total comprehensive income	-	(43,595)	(43,595)
Balance at 31 December 2018	<u>1,260,000</u>	<u>507,721</u>	<u>1,767,721</u>

The notes form part of these financial statements

Notes to the Financial Statements
for the Year Ended 31 December 2018

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

RR Sea St. Helens Limited is a private limited company, incorporated in the United Kingdom. The registered address is Beaufort House, 51 New North Road, Exeter, United Kingdom, EX4 4EP.

The financial statements have been prepared in accordance with Financial Reporting Standard 102 ("FRS 102"), the Financial Reporting Standard applicable in the UK and the Republic of Ireland.

The financial statements are presented in sterling which is also the functional currency of the company.

Going concern

The directors have made an assessment of the company's ability to continue as a going concern and are satisfied that the company will be able to meet its liabilities as they fall due for a period of at least twelve months from the date of approval of these financial statements based on management projections. Consequently, the directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- certain provisions of the requirements of Section 11 Basic Financial Instruments;
- certain provisions of the requirements of Section 33 Related Party Disclosures.

Revenue

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

Tenant incentives

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

Investment property

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

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

1. **ACCOUNTING POLICIES - continued**

Deferred tax

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

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

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

Finance costs

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

Financial instruments

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

Reserves

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

Critical accounting estimates and judgements

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

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

2. **REVENUE**

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

3. **EMPLOYEES AND DIRECTORS**

There were no staff costs for the year ended 31 December 2018 nor for the period ended 31 December 2017.

	Year Ended 31.12.18 £	Period 1.10.16 to 31.12.17 £
Director's remuneration	<u>-</u>	<u>-</u>

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

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

4. OPERATING PROFIT

The operating profit is stated after charging:

	Year Ended 31.12.18 £	Period 1.10.16 to 31.12.17 £
Fair value loss on revaluation of investment property	<u>220,000</u>	<u>140,000</u>

The audit fee for 2018 is charged to and met by a fellow subsidiary under common control within the group.

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	Year Ended 31.12.18 £	Period 1.10.16 to 31.12.17 £
Bank loan interest	53,707	57,845
Amortisation of debt issue costs	<u>10,026</u>	<u>10,850</u>
	<u>63,733</u>	<u>68,695</u>

6. TAXATION

Analysis of the tax charge

The tax charge on the loss for the year was as follows:

	Year Ended 31.12.18 £	Period 1.10.16 to 31.12.17 £
Current tax:		
UK corporation tax	<u>155</u>	-
Tax on (loss)/profit	<u>155</u>	-

7. DIVIDENDS

	Year Ended 31.12.18 £	Period 1.10.16 to 31.12.17 £
Dividends paid	<u>-</u>	<u>227,448</u>

No dividends were paid in the year (2017 - £0.06 per share).

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

8. INVESTMENT PROPERTY

	Total £
AT VALUATION	
At 1 January 2018	3,630,000
Revaluations	(220,000)
At 31 December 2018	<u>3,410,000</u>
NET BOOK VALUE	
At 31 December 2018	<u>3,410,000</u>
At 31 December 2017	<u>3,630,000</u>

Valuation at 31 December 2018 is represented by:

	£
Valuation in 2018	<u>3,410,000</u>

If investment property had not been revalued it would have been included at the following historical cost:

	2018 £	2017 £
Cost	<u>4,236,524</u>	<u>4,236,524</u>

The company's investment property was independently valued at fair value at 31 December 2018 by Chartered Surveyor Jones Lang LaSalle. The valuations were undertaken in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuation Manual.

The loss on revaluation of £220,000 (2017 - £140,000) has been charged to the statement of comprehensive income.

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Prepayments and accrued income	<u>4,528</u>	<u>-</u>
	<u>4,528</u>	<u>-</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Trade creditors	8,245	3,103
Taxation and social security	3,385	3,764
Other creditors	1,057	-
Accruals and deferred income	<u>26,198</u>	<u>2,901</u>
	<u>38,885</u>	<u>9,768</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018**11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2018 £	2017 £
Bank loans (see note 12)	<u>1,880,773</u>	<u>1,917,298</u>
	<u>1,880,773</u>	<u>1,917,298</u>

The bank loans are disclosed gross of debt issue costs of £29,281 (2017 - £39,306).

12. LOANS

An analysis of the maturity of loans is given below:

	2018 £	2017 £
Amounts falling due between two and five years:		
Bank loans - 2-5 years	1,880,773	1,917,298
Debt issue costs	<u>29,281</u>	<u>39,306</u>
	<u>1,910,054</u>	<u>1,956,604</u>

On 2 December 2016, RR Sea St. Helens Limited, along with RR Sea Dundee Limited, RR Sea Hanover Street Limited and RR Sea Strand Ltd agreed to jointly maintain a 5 year facility with HSBC Bank PLC of up to £21,397,500 of which £19,002,929 has been drawn down. The facility is subject to a maximum loan to value covenant of 65%, and interest cover and debt service cover ratio covenants of 200% and 120%, respectively, with interest payable at LIBOR plus 2.15%.

13. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2018 £	2017 £
3,760,000	Ordinary	£0.34	<u>1,260,000</u>	<u>1,260,000</u>

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

14. SECURITIES AND GUARANTEES

The bank facility held by the company (see note 12) is secured by a first legal charge over Freehold Property known as 1 Cotham Street, St Helens, WA10 1SB.

Further securities held include

- a fixed charge over all present freehold and leasehold property;
- first fixed charge over book and other debts, chattels, goodwill and uncalled capital, both present and future; and
- first floating charge over all assets and undertaking both present and future.

15. ULTIMATE CONTROLLING PARTY

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

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

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

16. **POST BALANCE SHEET EVENTS**

Following the year end the bank loans were repaid in full on the 22nd June 2019 with the property held by the company sold to a fellow subsidiary at carrying value on the same day.