

CYGNET PROPERTY LIMITED

Report and Financial Statements

For the year ended

31 March 2020



REPORT AND FINANCIAL STATEMENTS 2020

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M J Kimpton-Smith
S Kimpton-Smith (appointed 25 April 2019)
C P Smith (appointed 25 April 2019)
J E Smith (appointed 25 April 2019)
J A Trimble (resigned 24 April 2019)

SECRETARY

L M K Bailey

REGISTERED OFFICE

Swan House
Kimpton Drive
Off Wincham Lane
Wincham
Northwich
Cheshire
CW9 6GG

BANKERS

Barclays PLC
Level 11
20 Chapel Street
Liverpool
L3 9AG

AUDITOR

RSM UK Audit LLP
Chartered Accountants and Statutory Auditor
14th Floor
20 Chapel Street
Liverpool
L3 9AG

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITY

The principal activity of the Company was previously that of holding and developing the property of the Cygnet Group. On disposal of all property during the financial year, the company became dormant.

DIRECTORS

The directors of the Company who served during the period and thereafter are listed on page 1.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

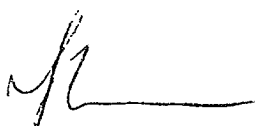
So far as the directors are aware, there is no relevant audit information of which the Company's auditor is unaware. Additionally, each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

AUDITOR

The auditor RSM UK Audit LLP is deemed to be reappointed under section 487 (2) of the Companies Act 2006.

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

On behalf of the board



M J Kimpton-Smith
Director

28 September 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CYGNET PROPERTY LIMITED

Opinion

We have audited the financial statements of Cygnet Property Limited (the 'company') for the year ended 31 March 2020 which comprise the Income Statement, the Statement of Financial Position and 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 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CYGNET PROPERTY 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 directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; 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 or in preparing the directors' report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement 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

Jacqui Baker (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
14th Floor
20 Chapel Street
Liverpool
L3 9AG

30 September 2020

CYGNET PROPERTY LIMITED

INCOME STATEMENT
For the year ended 31 March 2020

	Note	2020 £'000	2019 £'000
TURNOVER		152	200
Cost of sales		(122)	(156)
		<hr/>	<hr/>
GROSS PROFIT		30	44
Administrative expenses		(24)	(3)
		<hr/>	<hr/>
OPERATING PROFIT		6	41
Exceptional items	3	143	(362)
		<hr/>	<hr/>
OPERATING PROFIT/(LOSS) AFTER EXCEPTIONALS		149	(321)
Interest payable and similar charges	4	(60)	(70)
		<hr/>	<hr/>
PROFIT/(LOSS) BEFORE TAXATION		89	(391)
Taxation		43	(1)
		<hr/>	<hr/>
PROFIT/(LOSS) AFTER TAXATION AND LOSS FOR THE FINANCIAL YEAR	9	<u>132</u>	<u>(392)</u>

CYGNET PROPERTY LIMITED

Company Registration No. 07697449

STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	Note	2020 £'000	2019 £'000
FIXED ASSETS			
Tangible assets	5	-	2,727
CURRENT ASSETS			
Debtors	6	12	14
		<u>12</u>	<u>14</u>
CREDITORS: amounts falling due within one year	7	(560)	(3,378)
NET CURRENT LIABILITIES		<u>(548)</u>	<u>(3,364)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(548)	(637)
PROVISIONS FOR LIABILITIES	8	-	(43)
NET LIABILITIES		<u>(548)</u>	<u>(680)</u>
CAPITAL AND RESERVES			
Called up share capital		-	-
Profit and loss account	9	(548)	(680)
SHAREHOLDERS' DEFICIT		<u>(548)</u>	<u>(680)</u>

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

The financial statements on pages 5 to 13 were approved and authorised for issue by the Board of Directors on 28 September 2020 and are signed on its behalf by:



M J Kimpton-Smith
Director

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2020

I. ACCOUNTING POLICIES

General information

Cygnel Property Limited ("the Company") is a private company limited by shares incorporated in England.

The registered office address of the Company is included on page 1.

Basis of accounting

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime, and under the historical cost convention. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

Amounts are presented in pounds sterling and rounded to the nearest £1,000.

Going concern

In considering the appropriateness of the going concern basis of preparation, the Directors have considered current trading performance, the availability of bank facilities and forecasts for the next twelve months from the date of signing the 2020 financial statements.

In the prior year, the Company had a cross guarantee and debenture agreement relating to any monies owing to The Royal Bank of Scotland Plc by other Group undertakings. On 23 December 2019, the Group liability with The Royal Bank of Scotland Plc was repaid in full when banking was moved to Barclays PLC. From this date the Company has a cross guarantee and debenture agreement relating to any monies owing to Barclays PLC by other Group undertakings. As part of this re-bank, £1.1m of debt facilities were obtained with no associated covenants.

Cygnel Group Limited has confirmed it does not intend to call in the remaining intercompany balance within 12 months of the date of signing these financial statements.

The global pandemic known as 'COVID-19' took effect at the start of 2020, impacting all aspects of the global economy. There has been no direct effect on the Company's business. The Group has secured a £1,250,000 COVID-19 Business Interruption Loan to support the Group and the Directors believe the Company and the Group are now securely positioned to navigate through these uncertain times as cash is managed across the Group as necessary.

As a result of the above, the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements of both the Group and the Company.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, excluding freehold land and capital work in progress, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life as follows:

- freehold land and buildings at 40 years;
- plant & machinery and fixtures & fittings at 4 years to 10 years.

Residual value is calculated using prices prevailing at the reporting date, after estimated cost of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**For the year ended 31 March 2020****1 ACCOUNTING POLICIES (CONTINUED)****Impairments of fixed assets**

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Company estimates the recoverable amount of the asset or, for goodwill, the recoverable amount of the cash-generating unit to which the goodwill belongs.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairments of revalued assets are treated as a revaluation loss. All other impairment losses are recognised in profit or loss.

Any impairment loss recognised for goodwill is not reversed. For fixed asset other than goodwill, recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in profit or loss or, for revalued assets, as a revaluation gain. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

Capitalisation of interest

All finance costs that are directly attributable to the construction of a tangible fixed asset are capitalised as part of the cost of that asset, until such a time as the asset is ready for its intended use or sale.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to equity, when the tax follows the transaction or event it relates to and is also charged or credited to equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Turnover

Turnover arises wholly in the United Kingdom and represents rental income from the leasing of premises to group companies. It is stated at the fair value of the consideration receivable, net of value added tax, rebates and discounts.

Financial instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2020

1 ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)*Financial assets**Group and other debtors*

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

Financial liabilities and equity

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Equity instruments

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

Group and other creditors

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

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

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

2. EMPLOYEES

	2020	2019
	No.	No.
The average number of persons employed in the year was:	-	-

Directors of the Company are remunerated by other undertakings in the Cygnet Group Limited group of companies. Those Directors have to account in turn to those undertakings. There are no employees or Directors paid from the Company in the current or prior year.

CYGNET PROPERTY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2020

3. EXCEPTIONAL ITEMS

	2020 £'000	2019 £'000
Impairment of freehold property	-	(107)
Impairment of freehold land	-	(189)
Impairment of freehold land and buildings under construction	-	(66)
Profit on disposal of freehold buildings	143	-
	<u>143</u>	<u>(362)</u>

A review of the Company's property was performed in the prior year as part of the re-bank to Barclays PLC. This resulted in impairments on two properties. Freehold land was impaired by £189,000 and buildings were impaired by £107,000 based on post balance sheet date valuations performed by Sam Tarjomani (MRICS) of Fisher German LLP, Chartered Surveyors. £66,000 of freehold land and buildings under construction have been impaired as the timeline of project completion was deemed too uncertain to support the carrying value. The sale of a third property realised a gain of £143,000 in the current financial year.

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2020 £'000	2019 £'000
Bank loans and overdrafts	34	44
Loans from Group undertakings	26	26
	<u>60</u>	<u>70</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 March 2020

5. TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Plant and Machinery £'000	Furniture & Fixtures £'000	Total £'000
Cost				
At 1 April 2019	2,782	163	47	2,992
Disposals	(2,782)	(163)	(47)	(2,992)
At 31 March 2020	-	-	-	-
Depreciation				
At 1 April 2019	201	47	17	265
Charge for year	43	22	15	80
Disposals	(244)	(69)	(32)	(345)
At 31 March 2020	-	-	-	-
Net book value				
At 31 March 2020	-	-	-	-
At 31 March 2019	2,581	116	30	2,727

Included in the cost of land and buildings is freehold land of £nil (2019: £625,000) which is not depreciated.
 Included in the cost of land and buildings are capitalised finance costs of £nil (2019: £93,000).

6. DEBTORS

	2020 £'000	2019 £'000
Prepayments and accrued income	-	14
Amounts owed by Group undertakings	12	-
	<u>12</u>	<u>14</u>

CYGNET PROPERTY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2020

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £'000	2019 £'000
Bank loans and overdrafts	-	1,486
Amounts owed to Group undertakings	554	1,888
Accruals and deferred income	6	4
	<u>560</u>	<u>3,378</u>

Amounts owed by Group undertakings are unsecured and repayable on demand. No interest is charged on trading balances. Interest is charged at 2% (2019: 2%) on short-term loans.

Interest on bank loans was charged at between 3% and 4% per annum.

On 23 December 2019, the bank loan with The Royal Bank of Scotland Plc was repaid in full when banking was moved to Barclays PLC and all charges were satisfied.

8. PROVISIONS

Deferred tax	2020 £'000	2019 £'000
Fixed asset timing differences	-	66
Short-term timing differences	-	(23)
	<u>-</u>	<u>43</u>
	£'000	
Movement in period		
Balance at 1 April 2019	43	
Profit and loss account	(43)	
	<u>-</u>	
Balance at 31 March 2020	<u>-</u>	

9. RESERVES

	Profit and loss account £'000
At 1 April 2019	(680)
Profit for the year	<u>132</u>
At 31 March 2020	<u>(548)</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**For the year ended 31 March 2020****10. OTHER FINANCIAL COMMITMENTS**

In the prior year, the Company had a cross guarantee and debenture agreement relating to any monies owing to The Royal Bank of Scotland Plc by other Group undertakings. On 23 December 2019, the Group liability with The Royal Bank of Scotland Plc was repaid in full when banking was moved to Barclays Pl.C. As such, at 31 March 2020 there was a liability with The Royal Bank of Scotland Plc across the Group of £nil (2019: £1,334,000).

From 23 December 2019 the Company has a cross guarantee and debenture agreement relating to any monies owing to Barclays Pl.C by other Group undertakings. At 31 March 2020 there was a liability with Barclays Plc across the Group of £nil (2019: £nil).

At 31 March 2020, the Group had access to an undrawn debt facility of £1,100,000 (2019: £100,000). As at 31 March 2020, £nil (2019: £32,394) was attributable to bank guarantees.

11. RELATED PARTY TRANSACTIONS

The Company is required to disclose transactions and balances with related parties where 100% of their voting rights are not controlled within the same group.

	2020 £'000	2019 £'000
Transactions during the year		
Sale of property to related parties	625	-
Rent charged by related parties	39	34
	<u> </u>	<u> </u>

Expenses charged by related parties related to rent charged by the Premier Trust pension scheme of which the ultimate owner, Matthew Kimpton-Smith is a beneficiary.

12. CONSOLIDATED ACCOUNTS

The parent of the smallest group for which consolidated accounts are drawn up of which the Company is a member is Cygnet Group Limited, a company with a registered office address the same as this Company, detailed on page 1.

13. POST BALANCE SHEET EVENTS

The global pandemic known as 'COVID-19' took effect at the start of 2020, impacting all aspects of the global economy. There has been no direct effect on the Company's business. The Group has secured a £1,250,000 COVID-19 Business Interruption Loan to support the Group and the Directors believe the Company and the Group are now securely positioned to navigate through these uncertain times as cash is managed across the Group as necessary.