

ORTONA PROPERTIES LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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ORTONA PROPERTIES LIMITED
REGISTERED NUMBER: 07999907

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	5	-	170,000
Investment property	6	17,499,795	16,768,007
		<u>17,499,795</u>	<u>16,938,007</u>
Current assets			
Debtors: amounts falling due within one year	7	355,383	143,980
Cash at bank and in hand	8	134,799	510,811
		<u>490,182</u>	<u>654,791</u>
Creditors: amounts falling due within one year	9	(14,099,780)	(14,607,923)
Net current liabilities		<u>(13,609,598)</u>	<u>(13,953,132)</u>
Total assets less current liabilities		<u>3,890,197</u>	<u>2,984,875</u>
Provisions for liabilities			
Deferred tax		(398,402)	(363,020)
		<u>(398,402)</u>	<u>(363,020)</u>
Net assets		<u><u>3,491,795</u></u>	<u><u>2,621,855</u></u>
Capital and reserves			
Called up share capital		1	1
Fair value reserve	10	2,791,475	2,270,902
Profit and loss account	10	700,319	350,952
		<u><u>3,491,795</u></u>	<u><u>2,621,855</u></u>

ORTONA PROPERTIES LIMITED
REGISTERED NUMBER: 07999907

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2017

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



S G S Allen
Director

Date: 26 March 2018

The notes on pages 3 to 10 form part of these financial statements.

ORTONA PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. General information

Ortona Properties Limited is a private company, limited by shares, incorporated in England and Wales. Its registered office is 55 Colegate, Norwich, Norfolk, NR3 1DD.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements are presented in sterling which is the functional currency of the Company and rounded to the nearest £.

The following principal accounting policies have been applied:

2.2 Going concern

The Company and Group of which it is part has considerable financial resources and continues to trade profitably in the current financial year. The net current liabilities are caused by amounts owed to the Group and these will not be demanded by the Group until the Company is in a position to pay. As a consequence, the directors believe it remains appropriate to prepare the financial statements on a going concern basis.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Rent is deemed to be receivable over the period for which a tenant occupies a property.

2.4 Tangible fixed assets

Non-investment freehold land and buildings are stated at cost and are not depreciated. This treatment, as regards to the Company's properties, may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, in the opinion of the directors, depreciation of freehold buildings is inappropriate for general application. It is the Company's practice to maintain these assets in a continual state of sound repair and to extend and make improvements thereto from time to time and, accordingly, the directors consider that the lives of those assets are so long and residual values are so high that their depreciation is insignificant. Any impairment loss on freehold buildings, resulting from physical damage or deterioration, is charged to the Statement of Comprehensive Income.

Impairment reviews are carried out to ensure the carrying value can be supported.

ORTONA PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.5 Investment property

Investment property is carried at fair value determined annually and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive Income.

Any fair value movement is transferred to the fair value reserve. Where any decline in value below costs is considered to be permanent, the deficit is not transferred to the fair value reserve.

2.6 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.7 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.

ORTONA PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.8 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors and loans to and from related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

2.9 Creditors

Short term creditors are measured at the transaction price.

2.10 Finance costs

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

ORTONA PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.11 Current and deferred 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 they 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.

3. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2016 - £NIL).

4. Interest payable and similar charges

	2017 £	2016 £
Loans from group undertakings	428,256	454,159
	<u>428,256</u>	<u>454,159</u>

ORTONA PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

5. Tangible fixed assets

	Freehold property £
At 1 January 2017	170,000
Transfers between classes	(170,000)
At 31 December 2017	-
Net book value	
At 31 December 2017	-
At 31 December 2016	170,000

During the year freehold property has been reclassified to investment property as this is the most appropriate classification of the property.

ORTONA PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

6. Investment property

	Freehold investment property £
Valuation	
At 1 January 2017	16,768,007
Surplus on revaluation	561,788
Transfers between classes	170,000
At 31 December 2017	17,499,795

The 2017 valuations were made by Mr D K Burch, a director of the Company and member of the Royal Institute of Chartered Surveyors (RICS), on a fair value basis.

The open market value of the Company's residential property portfolio was assessed based on Land Registry data on local agent's particulars for sales values for similar properties where available. The commercial investment properties were based on external valuations or comparable property values where available. In all other cases the CBRE index was used to assess the change in the capital value of investment properties.

The historic cost of revalued assets in this Company is £12,298,787 (2016 - £12,243,582).

A fellow Group undertaking Ortona Management Limited holds bank loans which are secured by fixed charges over certain investment properties held by Ortona Properties Limited.

During the year freehold property has been reclassified to investment property as this is the most appropriate classification of the property.

7. Debtors

	2017 £	2016 £
Trade debtors	116,361	58,978
Amounts owed by group undertakings	-	19,568
Other debtors	5,212	2,342
Prepayments and accrued income	233,810	63,092
	355,383	143,980

ORTONA PROPERTIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

8. Cash and cash equivalents

	2017	2016
	£	£
Cash at bank and in hand	134,799	510,811

9. Creditors: Amounts falling due within one year

	2017	2016
	£	£
Amounts owed to group undertakings	13,694,665	14,275,186
Corporation tax	83,456	68,421
Other taxation and social security	-	4,508
Other creditors	321,659	259,808
	14,099,780	14,607,923

The amounts owed to Group undertakings are repayable on demand and formal agreements are in place upon which interest is paid at 2.75% above LIBOR.

10. Reserves

Fair value reserve

The fair value reserve comprises current year and previous years gain or losses on investment property and provision for deferred tax on the revaluation of investment properties.

	2017
	£
Fair value reserve	
At 1 January 2017	2,270,902
Transfer from profit and loss - fair value movement on investment property	561,788
Deferred tax on fair value movement on investment property	(41,215)
At 31 December 2017	2,791,475

ORTONA PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

11. Contingent liabilities

A cross guarantee dated 25 June 2012 is held by the Company's bankers between Ortona Limited, Ortona Management Limited, Ortona Properties Limited and Ortona Investments Limited. As at 31 December 2017, total Group borrowings with the bank totalled £1,299,347 (2016 - £2,038,197).

During the year ended 31 December 2015 the Company received a lease premium on the granting of a 99 year lease. The Company has a contingent liability commencing at £100,000 at 24 December 2017 and reducing to Nil by 30 December 2030 to buy back the lease at any time at the request of the tenant.

12. Controlling party

The immediate and ultimate parent undertaking of the Company is Ortona Limited, a Company registered in England and Wales. Ortona Limited prepares consolidated financial statements in which the results of Ortona Investments Limited are included. These consolidated financial statements are available from Companies House, Cardiff, CF14 3UZ.

The Company was under the control of the directors throughout the period by virtue of their controlling interest in the share capital of the ultimate parent undertaking, Ortona Limited.

13. Auditors' information

The auditors' report on the financial statements for the year ended 31 December 2017 was unqualified.

The audit report was signed on 26 March 2018 by Charles Savory ACA (Senior Statutory Auditor) on behalf of Larking Gowen.