

Registered number: 09264618

Delancey Residential Limited

Directors' report and financial statements

For the year ended 31 December 2018

MONDAY



A8F3SJT

A23

30/09/2019

#229

COMPANIES HOUSE

Delancey Residential Limited

Contents

	Page(s)
Directors and advisers	1
Directors' report	2 - 3
Independent auditors' report	4 - 6
Profit and loss account	7
Balance sheet	8
Statement of changes in equity	9
Notes to the financial statements	10 - 14

Delancey Residential Limited

Directors and advisers

Directors

David Burke
John Murphy
Peter Anderson
Kevin Moriarty

Company secretary

JP Murphy

Registered number

09264618

Registered office

Hiview House
Highgate Road
London
NW5 1TN

Independent auditors

Ernst & Young LLP
1 More London Place
London
SE1 2AF

Delancey Residential Limited

Directors' report

For the year ended 31 December 2018

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

Results and dividends

The profit for the financial year amounted to £452,001 (2017: £ 1,098,525). The reduction in profit is due to lower sales activity in 2018.

The directors do not recommend the payment of a dividend (2017- £ Nil).

Principal activities and review of business

The principal activity of the company during the year was that of property development. The financial highlights were as follows:

	2018	2017
	£	£
Turnover	981,008	3,574,695
Profit before taxation	452,001	1,357,101
Total shareholder's funds	3,364,454	2,912,453

Directors

The directors who served during the year and up to the date of signing the financial statements were as follows:

David Burke	(appointed 29 May 2018)
John Murphy	(appointed 29 May 2018)
Peter Anderson	(appointed 29 May 2018)
Kevin Moriarty	(appointed 28 April 2018)
Paul Brosnahan	(resigned 29 May 2018)

Going concern

The directors believe that preparing the financial statements on a going concern basis is appropriate due to the continued financial support of the immediate parent undertaking J. Murphy & Sons Limited. The directors have received confirmation in writing that J. Murphy & Sons Limited intends to provide financial support to the company to enable it to meet its liabilities as they fall due for at least one year after the financial statements are approved.

Future developments

The company is actively marketing its property for sale. The directors do not anticipate entering into new property development and a review is underway to assess the company's future strategy.

Financial risk management

The company participates in banking and credit arrangements made by J. Murphy & Sons Limited through which all financial risks are managed.

The company does not have a bank account. All funds are held by a group company. The company therefore has no material interest rate, currency or liquidity risk.

Directors' report (continued)
For the year ended 31 December 2018

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Directors' report and 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting 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 him to ensure that the financial statements comply with the Companies Act 2006.

The directors 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 of disclosure of information to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware and having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself / herself aware of any relevant audit information and to establish that the auditor is aware of that information.

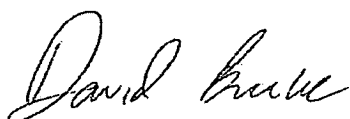
Small companies' exemption

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006. In addition, the Company has taken advantage of the exemption available under S414B of the Companies Act 2006 in not preparing a strategic report.

Independent auditors

At the next General Meeting, it will be proposed that the auditors, Ernst and Young LLP, be re-appointed in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 30 September 2019 and signed on its behalf.



Independent auditors' report to the members of Delancey Residential Limited

Opinion

We have audited the financial statements of Delancey Residential Limited for the year ended 31 December 2018 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 14, 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 company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 below. 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 this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditors' report to the members of Delancey Residential Limited (continued)

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.

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

Responsibilities of directors

As explained more fully in the directors' responsibilities 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, 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.

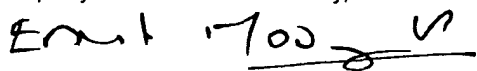
Auditor's responsibilities for the audit of the financial statements

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 <https://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



Adrian Mulea (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

Date: 30 SEPTEMBER 2019

Delancey Residential Limited

**Profit and loss account
For the year ended 31 December 2018**

	Note	2018 £	2017 £
Turnover	5	981,088	3,574,695
Cost of sales		(529,087)	(2,215,582)
Gross profit		452,001	1,359,113
Administrative costs		-	(2,012)
Profit before taxation		452,001	1,357,101
Tax on profit	8	-	(258,576)
Profit for the financial year		452,001	1,098,525

All amounts above relate to continuing operations.

The company has no recognised gains or losses other than those included in the results above, and therefore no separate Statement of comprehensive income has been presented.

The notes on pages 9 to 14 form part of these financial statements.

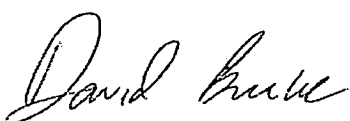
Delancey Residential Limited

Registered number: 09264618

**Balance sheet
As at 31 December 2018**

	Note	2018 £	2018 £	2017 £	2017 £
Current assets					
Stocks	9	3,332,397		3,756,347	
Debtors	10	32,182		501	
		<u>3,364,579</u>		<u>3,756,848</u>	
Creditors: amounts falling due within one year	11	(125)		(844,395)	
Net current assets			<u>3,364,454</u>		<u>2,912,453</u>
Net assets			<u>3,364,454</u>		<u>2,912,453</u>
Capital and reserves					
Called up share capital	12		1		1
Retained earnings			<u>3,364,453</u>		<u>2,912,452</u>
Total shareholder's funds			<u>3,364,454</u>		<u>2,912,453</u>

The financial statements were approved and authorised for issue by the board on 30 September 2019 and were signed on its behalf by



D Burke
Director

The notes on pages 9 to 14 form part of these financial statements.

Delancey Residential Limited

**Statement of changes in equity
For the year ended 31 December 2018**

	Called up share capital £	Retained earnings £	Total shareholders' funds £
At 1 January 2018	1	2,912,452	2,912,453
Comprehensive income for the year			
Profit for the financial year	-	452,001	452,001
At 31 December 2018	1	3,364,453	3,364,454

**Statement of changes in equity
For the year ended 31 December 2017**

	Called up share capital £	Retained earnings £	Total shareholders' funds £
At 1 January 2017	1	1,813,927	1,813,928
Comprehensive income for the year			
Profit for the financial year	-	1,098,525	1,098,525
At 31 December 2017	1	2,912,452	2,912,453

The notes on pages 9 to 14 form part of these financial statements.

Delancey Residential Limited

Notes to the financial statements For the year ended 31 December 2018

1. General information

Delancey Residential Limited undertakes property development and leasing.

The company is privately owned and limited by shares. The company is incorporated and domiciled in England and Wales and its registered office is Hiview House, Highgate Road, London, NW5 1TN.

2. Statement of compliance

The financial statements of Delancey Residential Limited have been prepared in compliance with applicable accounting standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

3.1 Basis of preparation of financial statements

The financial statements are presented in pounds sterling which is also the functional currency of the company. The financial statements have been prepared on the going concern basis under the historical cost convention.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 4).

3.2 Going concern

The directors believe that preparing the financial statements on a going concern basis is appropriate due to the continued financial support of the immediate parent undertaking J. Murphy & Sons Limited. The directors have received confirmation in writing that J. Murphy & Sons Limited intends to provide financial support to the company to enable it to meet its liabilities as they fall due for at least one year after the financial statements are approved.

3.3 Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain financial statements disclosure exemptions.

The company has taken advantage of the following exemptions:

- Under FRS 102 paragraph 1.12(b) from preparing a statement of cash flows;
- From disclosing the company's key management personnel compensation as required by FRS 102 para 33.7;
- From disclosing certain financial instruments disclosures, required under FRS 102 para 11.39 to 11.48A and para 12.26 to 12.29; and
- From disclosing related party transactions that are wholly owned within the same group under paragraph 33.1A of FRS 102.

**Notes to the financial statements
For the year ended 31 December 2018**

3. Summary of significant accounting policies (continued)

3.4 Stocks

Property for development comprises sites held in order to be developed for sale, or are actively being developed for sale. The cost of property for development includes construction and other attributable costs incurred. The cost does not include borrowing costs.

Property for resale comprises developed sites that are available for sale. When property is sold, development costs included in stock are allocated to cost of sales using the percentage of square footage of the property multiplied by the estimated total cost of the development. All stock categories are stated at the lower of cost and estimated selling price less costs to sell, having taken into accounts obsolete and slow moving items.

At the end of each reporting period stock is assessed for impairment. In the case of development sites this assessment includes input from independent professional valuers in estimating development site fair value. If an item of stock is impaired, the identified stock is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the Consolidated profit and loss account. Where a reversal of the impairment is required the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the Consolidated profit and loss account.

3.5 Financial instruments

(a) Trade debtors and other receivables

Trade debtors and other receivables are stated initially at fair value and subsequently measured at amortised cost less impairment losses. A provision for impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms with the trade debtor. Any losses arising from impairment are recognised in the profit and loss account.

(b) Trade creditors and other payables

Trade creditors and other payables with no stated interest rate are stated initially at the transaction price and subsequently measured at amortised cost using the effective interest rate method. Any changes in fair value are recognised in the profit and loss account.

3.6 Turnover

Turnover comprises revenue recognised by the company in respect of property sales, exclusive of Value Added Tax. Property sales are recognised at the point of legal completion.

3.7 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in Other Comprehensive Income or directly in equity. In this case tax is also recognised in Other Comprehensive Income or directly in equity respectively.

(a) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the period. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Delancey Residential Limited

(b) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and Total Comprehensive Income as stated in the financial statements. These 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 recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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.

Deferred tax assets and liabilities are only offset if the company has a legally enforceable right to set off current tax assets against current tax liability and the deferred tax asset and deferred tax liability relate to income taxes covered by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle the current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each period in which significant amount of deferred tax liabilities or assets are expected to be settled or recovered.

Current or deferred taxation assets and liabilities are not discounted.

3.8 Share capital

Ordinary shares are classified as equity and recorded at the value of consideration received. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**Notes to the financial statements
For the year ended 31 December 2018**

4. Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

i) Carrying value of stock

Inventories of land, work-in-progress and completed units are stated in the Balance sheet at the lower of cost and net realisable value. Due to the nature of development activity and, in particular, the length of the development cycle, the company has to allocate site-wide development costs between completed units and those for future years. It also has to make estimates of the cost to complete such developments. These estimates are reflected in the margin recognised on developments in relation to sales recognised in the current and future years and the carrying value of the land and work-in-progress. There is a degree of inherent uncertainty in making such estimates.

During the year the estimate used to allocate costs to cost of sales for those properties sold, was changed from the percentage of square footage multiplied by the estimated sales price of the development, to using the percentage of square footage of the property multiplied by the estimated total cost of the development. The impact of this change in estimate was a credit to the profit and loss account of £799,580.

5. Turnover

Turnover represents income in respect of property sales. All turnover arose within the United Kingdom.

6. Audit fees

Auditors' remuneration of £4,000 (2017 - £500) was borne by another group company, J. Murphy & Sons Limited. Fees for 2017 represent those paid to the previous auditor.

7. Employee information

The company does not directly employ any staff (2017 – Nil).
There was no remuneration paid to the directors by the company during the year (2017 – Nil).

8. Tax on profit

	2018 £	2017 £
Corporation tax		
Current tax on profit for the year	-	261,242
Adjustments in respect of previous periods	-	(2,666)
Tax on profit	-	258,576

Delancey Residential Limited

Notes to the financial statements For the year ended 31 December 2018

8. Tax on profit (continued)

Factors affecting tax charge for the year

The tax assessed for the year is different from the standard rate of corporation tax in the UK of 19% (2017 – 19.25%) as set out below:

	2018 £	2017 £
Profit before tax	452,001	1,357,101
Profit before tax multiplied by standard rate of corporation tax in the UK of 19% (2017 – 19.25%)	85,880	261,242
Effects of:		
Group relief claimed for nil consideration	(85,880)	-
Adjustments from previous periods	-	(2,666)
Total tax charge for the year	-	258,576

Factors that may affect future tax charges

Legislation has been enacted to reduce the UK corporation tax rate from 19% to 17% from 1 April 2020. The 17% rate was substantively enacted in September 2016. Deferred tax has been recognised, where applicable, at the 17% rate as at 31 December 2018.

9. Stocks

	2018 £	2017 £
Property for development	3,332,397	3,756,347

There is no significant difference between the replacement cost of stock and its carrying values.

10. Debtors

	2018 £	2017 £
Amounts owed by fellow group undertakings	32,182	1
VAT receivable	-	500
	32,182	501

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

Delancey Residential Limited

Notes to the financial statements For the year ended 31 December 2018

11. Creditors: amounts falling due within one year

	2018 £	2017 £
Amounts owed to fellow group undertakings	-	844,395
Other creditors	125	-
	<u>125</u>	<u>844,395</u>

Amounts owed to fellow group undertakings are unsecured, interest free and repayable on demand.

12. Called up share capital

	2018 £	2017 £
Allotted called up and fully paid		
1 (2017 - 1) Ordinary share of £1 each	<u>1</u>	<u>1</u>

13. Related party transactions

The company has taken advantage of the exemption under paragraph 33.1A from the provisions of FRS 102, not to disclose relevant related party transactions on the grounds that at 31 December 2018 it was a wholly owned subsidiary.

14. Ultimate parent undertaking and controlling party

The immediate parent undertaking is J. Murphy & Sons (Delancey Street) Limited. J. Murphy & Sons Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements at 31 December 2018. The consolidated financial statements of J. Murphy & Sons Limited can be obtained from Hiview House, Highgate Road, London, NW5 1TN.

Drilton Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2018. The consolidated financial statements of Drilton Limited are available from Hiview House, Highgate Road, London, NW5 1TN.

In the opinion of the directors the ultimate parent undertaking and ultimate controlling party is Maryland Limited, a company incorporated in the Isle of Man. Maryland Limited is controlled by a Murphy family trust.