

**SIGNATURE VICTORIA MILL LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2018**

**Company Registration No. 10099833 (England and Wales)**

## **SIGNATURE VICTORIA MILL LIMITED**

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# SIGNATURE VICTORIA MILL LIMITED

## BALANCE SHEET

AS AT 31 MARCH 2018

	Notes	2018 £	£	2017 £	£
<b>Fixed assets</b>					
Investment properties	2	6,038,107		2,120,169	
<b>Current assets</b>					
Debtors	3	4,072,643		20,023	
<b>Creditors: amounts falling due within one year</b>	4	(7,613,365)		(2,141,440)	
<b>Net current liabilities</b>			(3,540,722)		(2,121,417)
<b>Total assets less current liabilities</b>			2,497,385		(1,248)
<b>Capital and reserves</b>					
Called up share capital	5		2		2
Non-distributable profits reserve			2,531,493		-
Distributable profit and loss reserves			(34,110)		(1,250)
<b>Total equity</b>			2,497,385		(1,248)

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

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

The financial statements were approved by the board of directors and authorised for issue on 26 June 2019 and are signed on its behalf by:

Mr L Kenwright  
Director

Company Registration No. 10099833

# **SIGNATURE VICTORIA MILL LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2018**

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### **1 Accounting policies**

#### **Company information**

Signature Victoria Mill Limited is a private company limited by shares incorporated in England and Wales. The registered office is Cavern Court, 1st Floor, 8 Mathew Street, Liverpool, L2 6RE.

#### **1.1 Accounting convention**

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") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. 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.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

#### **1.2 Going concern**

As at 31 March 2018 the company has net current liabilities of £3,540,722. Included within liabilities due within one year is an amount of £943,661 owed to companies with common directors. The directors of these companies have undertaken, via a written confirmation, not to demand payment of this amount until such time that all third party creditors have been satisfactorily settled.

Also included within liabilities due within one year are loans amounting to £4,424,156 relating to a financing facility taken out in connection with the development of the company's property. This facility is due for refinancing in July 2019 and management is confident, based on successful re-financing activity across the Signature Living Group, that replacement finance will be secured. Taking these factors into account the directors consider it appropriate to prepare these financial statements on a going concern basis.

#### **1.3 Investment properties**

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

Where fair value cannot be achieved without undue cost or effort, investment property is accounted for as tangible fixed assets.

#### **1.4 Borrowing costs related to fixed assets**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

# SIGNATURE VICTORIA MILL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

### 1 Accounting policies

(Continued)

#### 1.5 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 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified 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.

##### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

#### 1.6 Leases

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

### 2 Investment property

	2018 £
<b>Fair value</b>	
At 1 April 2017	2,120,169
Additions	1,386,445
Revaluations	2,531,493
	<hr/>
At 31 March 2018	6,038,107
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Investment property with a carrying amount of £6,038,107 was revalued at October 2017 to £4.8 million by Keppie Massie, independent valuers not connected with the company on the basis of market value. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties. Subsequent to the valuation taking place additional work has been undertaken on the property which has resulted in an increase to the carrying amount of the property.

# SIGNATURE VICTORIA MILL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

### 2 Investment property (Continued)

During the year borrowing costs totalling £465,221 have been capitalised and are included in the carrying amount of the property.

### 3 Debtors

	2018 £	2017 £
<b>Amounts falling due within one year:</b>		
Amounts owed by group undertakings	485,079	-
Other debtors	3,587,564	20,023
	<u>4,072,643</u>	<u>20,023</u>

Amounts owed by group undertakings are interest free, have no fixed date of repayment and are repayable upon demand.

### 4 Creditors: amounts falling due within one year

	2018 £	2017 £
Bank loans and overdrafts	4,426,156	1,347,479
Amounts owed to group undertakings	-	792,711
Other creditors	3,187,209	1,250
	<u>7,613,365</u>	<u>2,141,440</u>

Included within bank loans and overdrafts are a bank loans of £4,426,156 (2017: £1,347,479) secured by way of a first charge over the company's investment property and a floating charge over the company's underlying assets. Interest is charged on this loan at 1.25% per month. The loan was due to mature in January 2019. Prior to January 2019 the loan was refinanced with a different lender and is now due to mature in July 2019.

### 5 Called up share capital

	2018 £	2017 £
<b>Ordinary share capital</b>		
<b>Issued and not fully paid</b>		
1 Ordinary shares of £1 each	1	1
1 Ordinary A shares of £1 each	1	1
	<u>2</u>	<u>2</u>

## **SIGNATURE VICTORIA MILL LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2018**

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#### **6 Audit report information**

As the income statement has been omitted from the filing copy of the financial statements the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

##### **Emphasis of matter**

The company has net current liabilities at the end of the financial year which is associated with amounts owed to the parent company/a fellow group undertaking and other short term debt. Whilst the group as a whole has significant net worth, largely driven by the carrying value of its property portfolio its financing arrangements remain almost entirely short term in nature and therefore require re-financing on an annual basis. We note that the directors have a strong historical track record of securing replacement finance as and when required but also highlight that the current climate of financial uncertainty created by Brexit and other macro economic factors related matters may render future re-financing activity more challenging or, at the very least, more expensive.

We therefore draw attention to note 1.2 and note 9. Our opinion is not modified in respect of this matter.

The senior statutory auditor was Iain White BSc FCA.

The auditor was DSG.

#### **7 Related party transactions**

Included within other debtors is an amount of £1,125,997 (2017: £nil) which is due to a company with common directors.

Included within other creditors is an amount of £943,661 (2017: £nil) which is due to a company with common directors.

#### **8 Parent company**

The parent company is Signature Living Hotel Limited, a company incorporated in Great Britain and registered in England and Wales. The registered office is Cavern Court 1st Floor, 8 Mathew Street, Liverpool, L2 6RE. Signature Living Hotel Limited prepares consolidated financial statements which includes Signature Victoria Mill Limited.

The smallest and largest group into which the results of this entity are consolidated is that headed by Signature Living Hotel Limited.

Signature Living Hotel Limited is controlled by Mr L Kenwright.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.