

Registered number: 10200999

**DOWNHAM ROAD LIMITED**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 31 JULY 2021**



**LUBBOCK FINE LLP**  
**Chartered Accountants**  
**Paternoster House**  
**65 St Paul's Churchyard**  
**London EC4M 8AB**

## BALANCE SHEET

AS AT 31 JULY 2021

	Note		2021 £	2020 £
<b>Current assets</b>				
Stocks	4	432,864	900,000	
Debtors: amounts falling due within one year	5	4,739,146	7,451,478	
Bank and cash balances		916	1,208	
		<u>5,172,926</u>	<u>8,352,686</u>	
Creditors: amounts falling due within one year	6	<u>(5,411,327)</u>	<u>(8,836,838)</u>	
<b>Net current liabilities</b>			<u>(238,401)</u>	<u>(484,152)</u>
<b>Total assets less current liabilities</b>			<u>(238,401)</u>	<u>(484,152)</u>
<b>Net liabilities</b>			<u>(238,401)</u>	<u>(484,152)</u>
<b>Capital and reserves</b>				
Called up share capital	7		2	2
Profit and loss account			<u>(238,403)</u>	<u>(484,154)</u>
			<u>(238,401)</u>	<u>(484,152)</u>

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:

*Gerard Cunningham*

**Gerard Cunningham**  
Director

Date: 04 May 2022

The notes on pages 2 to 7 form part of these financial statements.

# **DOWNHAM ROAD LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2021**

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### **1. General information**

Downham Road Limited is a private company, limited by shares, incorporated in England and Wales under the Companies Act. Its registered office and principal place of business is 34 Margery Street, London, WC1X 0JJ.

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

### **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 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.

The following principal accounting policies have been applied:

#### **2.2 Going concern**

During the year ended 31 July 2021 the company made a profit of £245,751 and at 31 July 2021 had net liabilities of £238,401. Based on detailed profits and cashflow forecasts prepared for the company and group the directors believe it is appropriate to adopt the going concern basis of accounting in preparing the annual financial statements. The final units at St John of Hackney have been sold subsequent to the year end, a further project (Penn St) is expected to be completed and sold in the year to 31 July 2022 and construction of the project in Purley has continued throughout 2021 and 2022 which will realise additional profits in 2022. Planning permission for the YMCA Wimbledon including 135 residential apartments was approved by Merton council in December 2020 and planning permission for another project in Battersea was received during the year. The group has no current projects with any planning uncertainty. These projects are expected to deliver significant cash and profits back into the business, which will enable the business to reduce and re-position debt and provide the equity for future projects. The Directors expect the net liability position of the group to be reversed in the July 2022 accounts through anticipated profitability. The Directors believe and have a reasonable expectation that based on detailed forecasts and support of group entities the company will continue in operational existence for the foreseeable future. Therefore, they believe it is appropriate to adopt the going concern basis of accounting in preparing the annual financial statements.

The detailed forecasts of the company and group include:

- estimated values and timings on anticipated property sales and further development costs.
- the ability to negotiate loan renewals or payment deferrals with external borrowers.
- the ability to obtain alternative finance should any of the negotiations with existing borrowers be unsuccessful
- the ability to secure additional finance to facilitate ongoing developments
- the ability of other members of the Thornsett group to provide working capital support

## **DOWNHAM ROAD LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

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## **2. Accounting policies (continued)**

### **2.2 Going concern (continued)**

In reaching their decision regarding the going concern status of the group, the directors have reviewed the potential impact of the COVID-19 pandemic, and while this had a significant impact on the business over the past two years they do not believe that this will have a significant impact going forwards as construction is considered a key service and is able to operate during any lockdown measures put in place by the government.

If the company is unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reduce the balance sheet values of assets to their recoverable amounts and provide for further liabilities that might arise.

### **2.3 Revenue**

Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Revenue is recognised in the Statement of Comprehensive Income when the significant risks and rewards of ownership have been transferred to the purchaser. Revenue in respect of the sale of residential and commercial properties is recognised on legal completion or unconditional exchange.

Where the outcome of a long term contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the Balance Sheet date. Stage of completion is estimated with reference to valuation certificates issued by the third party surveyor.

Where the outcome of a long term contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately.

### **2.4 Finance costs**

Finance costs are charged to profit or loss 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.

### **2.5 Taxation**

Tax is recognised in profit or loss 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 balance sheet date in the countries where the Company operates and generates income.

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### **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2021**

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## **2. Accounting policies (continued)**

### **2.6 Land and building development costs**

Land and building development costs are accounted for as work in progress and are valued on the basis of direct costs plus attributable overheads including interest and any estimated losses on long term contracts directly linked to the overall development project. On completion of a development an assessment is made of any further costs which may be incurred by the company and an appropriate accrual or provision is made. Provision is made for foreseeable losses where appropriate. No element of profit is included in the valuation of land and buildings development costs.

### **2.7 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

### **2.8 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.

### **2.9 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

### **2.10 Financial instruments**

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to 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 in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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.

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**NOTES TO THE FINANCIAL STATEMENTS**

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**2. Accounting policies (continued)**

**2.10 Financial instruments (continued)**

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 balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an 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.

**3. Employees**

The average monthly number of employees, excluding directors, during the year was nil (2020 - nil).

**4. Stocks**

	2021 £	2020 £
Land and building development costs	432,864	900,000

**5. Debtors**

	2021 £	2020 £
Amounts owed by group undertakings	4,688,937	5,523,502
Other debtors	209	27,976
Prepayments and accrued income	50,000	1,900,000
	<u>4,739,146</u>	<u>7,451,478</u>

During the year the company recognised revenue of £nil (2020 - £5,226,335) arising from long term construction contracts. The revenue recognised has been determined using the percentage of completion method based upon external valuations of work performed.

As at 31 July 2021 accrued income of £50,000 (2020 - £1,900,000) was recognised in relation to long term contracts.

**DOWNHAM ROAD LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 JULY 2021****6. Creditors: Amounts falling due within one year**

	2021 £	2020 £
Trade creditors	125,470	3,157,580
Amounts owed to group undertakings	2,858,412	-
Other taxation and social security	4,503	-
Accruals and deferred income	2,422,942	5,679,258
	<u>5,411,327</u>	<u>8,836,838</u>

**7. Share capital**

	2021 £	2020 £
<b>Allotted, called up and fully paid</b>		
1 (2020 - 1) Ordinary A share of £1.00	1	1
1 (2020 - 1) Ordinary B share of £1.00	1	1
	<u>2</u>	<u>2</u>

**8. Related party transactions**

During the year, the company entered into the following transactions, in the ordinary course of business, with related parties:

	2021 £	2020 £
<b>Owners holding a participating interest in the entity</b>		
Amounts due from such entities	4,688,937	5,461,585
Amounts due to such entities	5,192,082	7,114,702
Purchases from such entities	<u>1,031,861</u>	<u>6,742,764</u>

The amounts are unsecured, interest free and repayable on demand.

**9. Ultimate parent undertaking**

The ultimate parent company is Thornsett Cunningham Holdings Limited, a company registered in Cyprus.

The parent undertaking of the smallest and largest group to consolidate the accounts of the company is Thornsett Group Plc whose registered office is 34 Margery Street, London, WC1X 0JJ. A copy of the group accounts can be obtained from Companies House.

**DOWNHAM ROAD LIMITED**

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**10. Auditors' information**

The auditors' report on the financial statements for the year ended 31 July 2021 was unqualified.

The audit report was signed by Lee Facey (Senior Statutory Auditor) on behalf of Lubbock Fine LLP.