

**Registered number: 10709192**

**Daysmith HMO Limited**

**Unaudited**

**Financial statements**

**Information for filing with the registrar**

**For the year ended 30 June 2019**

**Chartered accountants' report to the board of directors on the preparation of the unaudited statutory financial statements of Daysmith HMO Limited for the year ended 30 June 2019**

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Daysmith HMO Limited for the year ended 30 June 2019 which comprise the balance sheet and the related notes from the Company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/members/regulations-standards-and-guidance/>.

This report is made solely to the board of directors of Daysmith HMO Limited, as a body, in accordance with the terms of our engagement letter dated 5 April 2017. Our work has been undertaken solely to prepare for your approval the financial statements of Daysmith HMO Limited and state those matters that we have agreed to state to the board of directors of Daysmith HMO Limited, as a body, in this report in accordance with ICAEW Technical Release TECH07/16AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Daysmith HMO Limited and its board of directors, as a body, for our work or for this report.

It is your duty to ensure that Daysmith HMO Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and profit of Daysmith HMO Limited. You consider that Daysmith HMO Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or review of the financial statements of Daysmith HMO Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.

**Kreston Reeves LLP**

Chartered Accountants

37 St Margaret's Street

Canterbury

Kent

CT1 2TU

10 March 2020

Balance sheet  
As at 30 June 2019

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	4	8,543	7,549
Investment property		1,453,000	940,000
		<u>1,461,543</u>	<u>947,549</u>
<b>Current assets</b>			
Debtors: amounts falling due after more than one year	6	2,087	2,344
Debtors: amounts falling due within one year	6	163,164	694
Cash at bank and in hand		4,860	27,745
		<u>170,111</u>	<u>30,783</u>
Creditors: amounts falling due within one year	7	(420,213)	(535,041)
<b>Net current liabilities</b>		<u>(250,102)</u>	<u>(504,258)</u>
<b>Total assets less current liabilities</b>		<u>1,211,441</u>	<u>443,291</u>
Creditors: amounts falling due after more than one year	8	(920,302)	(251,250)
<b>Provisions for liabilities</b>			
Deferred tax		(48,638)	(31,403)
<b>Net assets</b>		<u><u>242,501</u></u>	<u><u>160,638</u></u>
<b>Capital and reserves</b>			
Called up share capital	10	1	1
Investment property reserve		264,244	181,916
Profit and loss account		(21,744)	(21,279)
		<u><u>242,501</u></u>	<u><u>160,638</u></u>

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

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 income and retained earnings in accordance with provisions applicable to companies subject to the small companies' regime.

**Daysmith HMO Limited**  
**Registered number: 10709192**

**Balance sheet (continued)**  
**As at 30 June 2019**

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 10 March 2020.

**D R Smith**  
Director

**J A Day**  
Director

The notes on pages 4 to 11 form part of these financial statements.

**Notes to the financial statements**  
**For the year ended 30 June 2019**

**1. General information**

Daysmith HMO Limited is a private company limited by shares which was incorporated in England and Wales.

The company's registered office is 37, St Margaret's Street, Canterbury, Kent, CT1 2TU.

The financial statements are presented in Pounds Sterling, and rounded to the nearest pound.

**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 following principal accounting policies have been applied:

**2.2 Going concern**

At the balance sheet date, the company had net assets of £242,501. However, the profit and loss reserves reflect a deficit of £21,744 at the balance sheet date. The company is reliant on the continued financial support of the directors to ensure that the business is able to continue for the foreseeable future and will make funds available to ensure that the company continues to be able to meet its financial obligations as they fall due.

The directors have considered the company's future trading prospects, working capital requirements

and cashflows for a period of at least 12 months from the date of approval of these financial statements. On the basis of this information the directors considers it appropriate to prepare the

financial statements on the 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. The following criteria must also be met before revenue is recognised:

**Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

**2.4 Interest income**

Interest income is recognised in the statement of income and retained earnings using the effective interest method.

**Notes to the financial statements**  
**For the year ended 30 June 2019**

**2. Accounting policies (continued)**

**2.5 Finance costs**

Finance costs are charged to the statement of income and retained earnings 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.

**2.6 Borrowing costs**

All borrowing costs are recognised in the statement of income and retained earnings in the year in which they are incurred.

**2.7 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of income and retained earnings, 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.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet 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 balance sheet date.

**2.8 Tangible fixed assets**

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

**Notes to the financial statements**  
**For the year ended 30 June 2019**

**2. Accounting policies (continued)**

**2.8 Tangible fixed assets (continued)**

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures and fittings	-	20%
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of income and retained earnings.

**2.9 Investment property**

Investment property is carried at fair value determined annually by the directors 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 income and retained earnings.

**2.10 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.

**2.11 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.

**2.12 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.

**2.13 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the statement of income and retained earnings in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

**Notes to the financial statements**  
**For the year ended 30 June 2019**

**2. Accounting policies (continued)**

**2.14 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, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

**3. Employees**

The average monthly number of employees, including directors, during the year was 3 (2018 - 2).

**4. Tangible fixed assets**

	<b>Fixtures and fittings £</b>
<b>Cost or valuation</b>	
At 1 July 2018	9,436
Additions	3,601
At 30 June 2019	<u>13,037</u>
<b>Depreciation</b>	
At 1 July 2018	1,887
Charge for the year on owned assets	2,607
At 30 June 2019	<u>4,494</u>
<b>Net book value</b>	
At 30 June 2019	<u><u>8,543</u></u>
<b>At 30 June 2018</b>	<u><u>7,549</u></u>



**Notes to the financial statements**  
**For the year ended 30 June 2019**

**5. Investment property**

	<b>Freehold investment property £</b>
<b>Valuation</b>	
At 1 July 2018	940,000
Additions at cost	543,810
Disposals	(130,000)
Deficit on revaluation	99,190
<b>At 30 June 2019</b>	<b><u>1,453,000</u></b>

The 2019 valuations were made by the directors, on an open market value for existing use basis.

	<b>2019 £</b>	<b>2018 £</b>
<b>Revaluation reserves</b>		
At 1 July 2018	181,916	-
Net surplus/(deficit) in movement properties	82,328	181,916
<b>At 30 June 2019</b>	<b><u>264,244</u></b>	<b><u>181,916</u></b>

If the Investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	<b>2019 £</b>	<b>2018 £</b>
Historic cost	1,136,594	722,783
	<b><u>1,136,594</u></b>	<b><u>722,783</u></b>

**Notes to the financial statements**  
**For the year ended 30 June 2019**

**6. Debtors**

	2019 £	2018 £
<b>Due after more than one year</b>		
Other debtors	<u>2,087</u>	<u>2,344</u>
	2019 £	2018 £
<b>Due within one year</b>		
Amounts owed by group undertakings	162,000	-
Other debtors	120	120
Prepayments and accrued income	1,044	574
	<u>163,164</u>	<u>694</u>

**7. Creditors: Amounts falling due within one year**

	2019 £	2018 £
Bank loans	3,579	-
Other loans	206,667	-
Amounts owed to group undertakings	203,667	532,691
Other creditors	3,600	550
Accruals and deferred income	2,700	1,800
	<u>420,213</u>	<u>535,041</u>

**8. Creditors: Amounts falling due after more than one year**

	2019 £	2018 £
Bank loans	<u>920,302</u>	<u>251,250</u>

The following liabilities were secured:

	2019 £	2018 £
Bank loans	<u>920,302</u>	<u>251,250</u>

Details of security provided:

The bank loans have been secured against the investment properties owned by the company.

**Notes to the financial statements**  
**For the year ended 30 June 2019**

**9. Loans**

Analysis of the maturity of loans is given below:

	2019 £	2018 £
<b>Amounts falling due within one year</b>		
Bank loans	3,579	-
Other loans	206,667	-
	<u>210,246</u>	<u>-</u>
<b>Amounts falling due 1-2 years</b>		
Bank loans	4,130	-
	<u>4,130</u>	<u>-</u>
<b>Amounts falling due 2-5 years</b>		
Bank loans	15,690	-
	<u>15,690</u>	<u>-</u>
<b>Amounts falling due after more than 5 years</b>		
Bank loans	900,482	251,250
	<u>900,482</u>	<u>251,250</u>
<b>Total loans</b>	<u><u>1,130,548</u></u>	<u><u>251,250</u></u>

**10. Share capital**

	2019 £	2018 £
<b>Allotted, called up and fully paid</b>		
1 (2018 - 1) Ordinary share of £1	<u><u>1</u></u>	<u><u>1</u></u>

**Notes to the financial statements**  
**For the year ended 30 June 2019**

**11. Related party transactions**

Included within debtors are amounts owing by Daysmith Investments Limited, a fellow subsidiary undertaking, in the sum of £110,000 (2018 - nil). This loan is interest free and repayable on demand.

Also within debtors are amounts owed by Daysmith Developments Limited, a fellow subsidiary undertaking, in the sum of £52,000 (2018 - creditor £365). This loan is interest free and repayable upon demand.

Included within creditors are amounts owed to Daysmith Limited, a parent undertaking, in the sum of £203,667 (2018 - £532,326). This loan is interest free and repayable on demand.

During the year, the company sold a property to Daysmith Investments Limited, a fellow subsidiary in the Daysmith Group, at a value of £130,000. The transaction was conducted at market value on an arms length basis.

**12. Controlling party**

Daysmith Limited is the controlling party of Daysmith HMO Limited by virtue of its 100% shareholding. Daysmith Limited has no ultimate controlling party.

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.