

Registered number: SC262896

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**DRUM PROPERTY  
GROUP LIMITED**

**INFORMATION FOR FILING WITH THE REGISTRAR  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**DRUM PROPERTY GROUP LIMITED**

**COMPANY INFORMATION**



**Directors**

G M Bone  
P Doherty  
S C Oag  
G B Milne  
J F Hyland

**Company secretary**

Brodies Secretarial Services Limited

**Registered number**

SC262896

**Registered office**

12 Rubislaw Terrace Lane  
Aberdeen  
AB10 1XF

**Independent auditors**

Anderson Anderson & Brown LLP  
Kingshill View  
Prime Four Business Park  
Kingswells  
Aberdeen  
AB15 8PU

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**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2016**

The directors are responsible for preparing the Directors' report and the consolidated 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 elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 the group and of the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CONSOLIDATED BALANCE SHEET  
AS AT 31 DECEMBER 2016



	Note	2016 £	2016 £	2015 £	2015 £
<b>Fixed assets</b>					
Tangible assets	4		112,579		92,751
Investments	5		1,838,897		257,317
Investment properties	6		22,810,000		26,092,109
			<u>24,761,476</u>		<u>26,442,177</u>
<b>Current assets</b>					
Stocks	7	368,655		2,782,933	
Debtors: amounts falling due within one year	8	17,100,048		10,547,715	
Cash at bank and in hand	9	7,247,494		8,407,332	
		<u>24,716,197</u>		<u>21,737,980</u>	
Creditors: amounts falling due within one year	10	(548,318)		(1,669,180)	
<b>Net current assets</b>			<u>24,167,879</u>		<u>20,068,800</u>
<b>Total assets less current liabilities</b>			<u>48,929,355</u>		<u>46,510,977</u>
Creditors: amounts falling due after more than one year	11		(30,784,789)		(28,445,513)
<b>Provisions for liabilities</b>					
Deferred taxation	13	(1,550,441)		(1,839,598)	
			<u>(1,550,441)</u>		<u>(1,839,598)</u>
<b>Net assets</b>			<u>16,594,125</u>		<u>16,225,866</u>
<b>Capital and reserves</b>					
Called up share capital	14		4,007		4,007
Revaluation reserve			8,765,217		10,054,437
Profit and loss account			7,824,901		6,167,422
			<u>16,594,125</u>		<u>16,225,866</u>

DRUM PROPERTY GROUP LIMITED  
REGISTERED NUMBER: SC262896



**CONSOLIDATED BALANCE SHEET (CONTINUED)**  
**AS AT 31 DECEMBER 2016**

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 consolidated 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 C Dag**  
Director

Date: 14 September 2017

The notes on pages 6 to 24 form part of these financial statements.

COMPANY BALANCE SHEET  
AS AT 31 DECEMBER 2016



	Note	2016 £	2016 £	2015 £	2015 £
<b>Fixed assets</b>					
Tangible assets	4		63,495		25,530
Investments	5		7,932,118		7,794,206
			<u>7,995,613</u>		<u>7,819,736</u>
<b>Current assets</b>					
Stocks	7	368,655		2,782,933	
Debtors: amounts falling due within one year	8	19,692,620		17,293,341	
Cash at bank and in hand	9	7,140,113		7,906,848	
		<u>27,201,388</u>		<u>27,983,122</u>	
Creditors: amounts falling due within one year	10	(187,750)		(1,026,121)	
<b>Net current assets</b>			<u>27,013,638</u>		<u>26,957,001</u>
<b>Total assets less current liabilities</b>			<u>35,009,251</u>		<u>34,776,737</u>
Creditors: amounts falling due after more than one year	11		(18,404,584)		(18,546,390)
<b>Provisions for liabilities</b>					
Deferred taxation	13	(10,542)		(4,481)	
			<u>(10,542)</u>		<u>(4,481)</u>
<b>Net assets</b>			<u>16,594,125</u>		<u>16,225,866</u>
<b>Capital and reserves</b>					
Called up share capital	14		4,007		4,007
Revaluation reserve			7,650,689		7,512,777
Profit and loss account			8,939,429		8,709,082
			<u>16,594,125</u>		<u>16,225,866</u>

DRUM PROPERTY GROUP LIMITED  
REGISTERED NUMBER:SC262896



**COMPANY BALANCE SHEET (CONTINUED)**  
**AS AT 31 DECEMBER 2016**

The company's 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 consolidated 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 C Oag**  
Director

Date: 14 September 2017

The notes on pages 6 to 24 form part of these financial statements.



**1. General information**

Drum Property Group Limited is a limited liability company incorporated in Scotland. The registered office is 12 Rubislaw Terrace Lane, Aberdeen, AB10 1XF. The principal activities of the group is that of property rental and development.

**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.

Information on the impact of first-time adoption of FRS 102 is given in note 18.

The following principal accounting policies have been applied:

**2.2 Basis of consolidation**

The consolidated financial statements present the results of the company and its own subsidiaries ("the group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 1 January 2015.

**2.3 Associates and joint ventures**

An entity is treated as a joint venture where the group is a party to a contractual agreement with one or more parties from outside the group to undertake an economic activity that is subject to joint control.

An entity is treated as an associated undertaking where the group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The Consolidated statement of comprehensive income includes the group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the group. In the Consolidated balance sheet, the interests in associated undertakings are shown as the group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

## 2. Accounting policies (continued)

### 2.4 Going concern

The directors, having made due and careful enquiry and preparing forecasts, are of the opinion that the group and company has adequate working capital to execute its operations over the next 12 months. The directors, therefore, have made an informed judgement, at the time of approving the financial statements, that the group and company has adequate resources to continue in operational existence for the foreseeable future. As a result, the directors have continued to adopt the going concern basis of accounting in preparing the annual financial statements.

### 2.5 Revenue

Turnover represents the gross income of the group for the year from rental income, project management services and the speculative purchase and resale of residential property. The amount excludes any value added tax which may be applicable to these transactions.

### 2.6 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.

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.

The estimated useful lives range as follows:

Fixtures and fittings	- 10 years
Office equipment	- 5 years

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 Consolidated statement of comprehensive income.

### 2.7 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Balance sheet date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the Consolidated statement of comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

## 2. Accounting policies (continued)

### 2.8 Investment property

Investment property is carried at fair value determined annually by external valuers 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 Consolidated statement of comprehensive income.

### 2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

### 2.10 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

### 2.11 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.

### 2.12 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.

### 2.13 Financial instruments

The group 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, loans to related parties and investments in non-puttable ordinary shares.

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.

**2. Accounting policies (continued)**

**2.13 Financial instruments (continued)**

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 case of an outright 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 Consolidated 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 group 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.

**2.14 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.

**2.15 Government grants**

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Consolidated statement of comprehensive income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated statement of comprehensive income in the same period as the related expenditure.

**2.16 Finance costs**

Finance costs are charged to the Consolidated 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.

**2. Accounting policies (continued)**

**2.17 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

**2.18 Operating leases: the group as lessee**

Rentals paid under operating leases are charged to the Consolidated statement of comprehensive income on a straight line basis over the lease term.

**2.19 Pensions**

**Defined contribution pension plan**

The group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the group in independently administered funds.

**2.20 Interest income**

Interest income is recognised in the Consolidated statement of comprehensive income using the effective interest method.

**2.21 Borrowing costs**

All borrowing costs are recognised in the Consolidated statement of comprehensive income in the year in which they are incurred.

**2.22 Provisions for liabilities**

Provisions are made where an event has taken place that gives the group 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 Consolidated statement of comprehensive income in the year that the group 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.

## 2. Accounting policies (continued)

### 2.23 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated 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 balance sheet date in the countries where the company and the group operate and generate 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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.

## 3. Employees

The average monthly number of employees, including directors, during the year was 10 (2015 - 10).

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016

## 4. Tangible fixed assets

## Group

	Office equipment £	Fixtures and fittings £	Total £
<b>Cost or valuation</b>			
At 1 January 2016	55,028	180,946	235,974
Additions	49,751	-	49,751
At 31 December 2016	<u>104,779</u>	<u>180,946</u>	<u>285,725</u>
<b>Depreciation</b>			
At 1 January 2016	29,497	113,726	143,223
Charge for the year on owned assets	11,786	18,137	29,923
At 31 December 2016	<u>41,283</u>	<u>131,863</u>	<u>173,146</u>
<b>Net book value</b>			
At 31 December 2016	<u>63,496</u>	<u>49,083</u>	<u>112,579</u>
At 31 December 2015	<u>25,531</u>	<u>67,220</u>	<u>92,751</u>

**4. Tangible fixed assets (continued)**

**Company**

	Office equipment £
<b>Cost or valuation</b>	
At 1 January 2016	55,027
Additions	49,751
At 31 December 2016	<u>104,778</u>
<b>Depreciation</b>	
At 1 January 2016	29,497
Charge for the year on owned assets	11,786
At 31 December 2016	<u>41,283</u>
<b>Net book value</b>	
At 31 December 2016	<u>63,495</u>
At 31 December 2015	<u>25,530</u>



DRUM PROPERTY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016



5. Fixed asset investments

Group

	Investments in associates £	Listed investments £	Unlisted investments £	Total £
<b>Cost or valuation</b>				
At 1 January 2016	157,317	-	100,000	257,317
Additions	-	1,560,000	-	1,560,000
Revaluations	(9,620)	31,200	-	21,580
At 31 December 2016	<u>147,697</u>	<u>1,591,200</u>	<u>100,000</u>	<u>1,838,897</u>

Net book value

At 31 December 2016	<u>147,697</u>	<u>1,591,200</u>	<u>100,000</u>	<u>1,838,897</u>
At 31 December 2015	<u>157,317</u>	<u>-</u>	<u>100,000</u>	<u>257,317</u>

Participating interests

Associates

Name of undertaking	Country of incorporation	Description of shares held	Percentage of issued shares held	Profit/(loss) for year £	Capital and reserves £	Share of net assets £
Drum Edinburgh Ltd	Scotland	Ordinary £1	50%	25,002	205,449	102,725
Drum Development Company Ltd	Scotland	Ordinary £1	50%	222,939	89,944	44,972
						<u>147,697</u>

## 5. Fixed asset investments (continued)

## Company

	Investments in subsidiary companies £	Investments in associates £	Unlisted investments £	Total £
<b>Cost or valuation</b>				
At 1 January 2016	7,536,889	157,317	100,000	7,794,206
Revaluations	147,532	(9,620)	-	137,912
At 31 December 2016	<u>7,684,421</u>	<u>147,697</u>	<u>100,000</u>	<u>7,932,118</u>
<b>Net book value</b>				
At 31 December 2016	<u>7,684,421</u>	<u>147,697</u>	<u>100,000</u>	<u>7,932,118</u>
At 31 December 2015	<u>7,536,889</u>	<u>157,317</u>	<u>100,000</u>	<u>7,794,206</u>

Accounted for as subsidiaries and included in the accounts:

Name of subsidiary	Country of incorporation	Description of shares held	Percentage of shares held
Drum Riverview Limited	Scotland	Ordinary £1	100%
Drum Commercial Asset Investments Limited	Scotland	Ordinary £1	100%
Drum Investments Limited	Scotland	Ordinary £1	100%
Drum Real Estate Investment Management Limited	Scotland	Ordinary £1	100%
DPG Investment Management Limited	Scotland	Ordinary £1	100%

6. Investment property

Group

Freehold  
investment  
properties  
£

Valuation

At 1 January 2016	26,092,109
Disposals	(2,600,000)
Surplus on revaluation	(682,109)
<b>At 31 December 2016</b>	<b>22,810,000</b>

The group's entire investment portfolio was revalued in June 2017 by external qualified chartered surveyor. The directors believe these valuations reflect the current market values and economic climate as at 31 December 2016.

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

	2016 £	2015 £
Historical cost	12,642,259	14,226,802
	<u>12,642,259</u>	<u>14,226,802</u>

7. Stocks

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Work in progress	368,655	2,782,933	368,655	2,782,933
	<u>368,655</u>	<u>2,782,933</u>	<u>368,655</u>	<u>2,782,933</u>

**DRUM PROPERTY GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**



**8. Debtors**

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Trade debtors	178,404	2,450	330	-
Amounts owed by group undertakings	-	-	3,001,418	7,034,808
Amounts owed by related undertakings	16,735,444	9,855,681	16,611,261	9,760,582
Other debtors	107,711	639,120	71,315	497,951
Prepayments and accrued income	78,489	50,464	8,296	-
	<u>17,100,048</u>	<u>10,547,715</u>	<u>19,692,620</u>	<u>17,293,341</u>

**9. Cash and cash equivalents**

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Cash at bank and in hand	7,247,494	8,407,332	7,140,113	7,906,848
	<u>7,247,494</u>	<u>8,407,332</u>	<u>7,140,113</u>	<u>7,906,848</u>

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

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Bank loans	-	230,332	-	230,332
Trade creditors	90,135	589,118	87,071	587,706
Amounts owed to related undertakings	-	-	-	4,566
Corporation tax	201,023	237,259	4,723	160,777
Other taxation and social security	34,120	35,946	17,837	11,783
Other creditors	21,229	4,963	2,693	4,875
Accruals and deferred income	201,811	571,562	75,426	26,082
	<u>548,318</u>	<u>1,669,180</u>	<u>187,750</u>	<u>1,026,121</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016



11. Creditors: Amounts falling due after more than one year

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Bank loans	11,755,000	9,255,000	-	-
Other creditors	18,404,584	18,546,390	18,404,584	18,546,390
Deferred capital grant	625,205	644,123	-	-
	<u>30,784,789</u>	<u>28,445,513</u>	<u>18,404,584</u>	<u>18,546,390</u>

Included within creditors due after more than one year are bank loans totalling £11,755,000 (2015 - £9,255,000). During the prior years certain subsidiaries of the group secured a £14m revolving credit facility. The loan is secured by a bond and floating charge over the assets of these subsidiary companies, an inter-company guarantee between these group companies and a first ranking security over the investment properties owned by those subsidiaries.

Since the year end the revolving credit facility has been increased to £17.5m and extended to June 2020.

12. Financial instruments

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
<b>Financial assets</b>				
Financial assets measured at fair value through profit or loss	<u>7,247,494</u>	<u>8,407,332</u>	<u>7,140,113</u>	<u>7,906,848</u>
	<u>7,247,494</u>	<u>8,407,332</u>	<u>7,140,113</u>	<u>7,906,848</u>

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand.

13. Deferred taxation

Group

	2016 £	2015 £
At beginning of year	1,839,598	2,242,462
Charged to profit or loss	(289,157)	(402,864)
<b>At end of year</b>	<u>1,550,441</u>	<u>1,839,598</u>

13. Deferred taxation (continued)

Company

	2016 £	2015 £
At beginning of year	4,481	4,989
Charged to profit or loss	6,061	(508)
<b>At end of year</b>	<b>10,542</b>	<b>4,481</b>

The provision for deferred taxation is made up as follows:

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Fixed asset timing differences	116,717	28,728	10,542	4,481
Revaluation of investment properties	1,433,724	1,810,870	-	-
	<b>1,550,441</b>	<b>1,839,598</b>	<b>10,542</b>	<b>4,481</b>

14. Share capital

	2016 £	2015 £
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
4,007 Ordinary shares of £1 each	4,007	4,007

15. Commitments under operating leases

At 31 December 2016 the group and the company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Not later than 1 year	4,722	4,722	4,722	4,722
Later than 1 year and not later than 5 years	6,758	11,480	6,758	11,480
	<b>11,480</b>	<b>16,202</b>	<b>11,480</b>	<b>16,202</b>



16. Related party transactions

Transactions

During the year the group has provided management services to companies with common directors and control amounting to £330,003, has provided loan funding to these companies amounting to £7,646,116 and has received repayment of loans totalling £1,009,701. The amount due by these companies to the group as at 31 December 2016 was £16,735,444.

Consultancy fees of £53,150 have been charged to the group by a company with a common director, no amounts were outstanding at the year end.

During the year loans have been repaid to a director amounting to £141,806 with £18,404,584 being due by the group to the director as at 31 December 2016. Dividends of £13,000 have been paid during the year.

The bank borrowings of Drum Development Company Limited have also been guaranteed by Drum Property Group Limited up to a maximum of £217,150.

17. Auditors' information

The auditor's report included in the annual accounts delivered to the members was unqualified. The audit report was issued by Anderson Anderson & Brown LLP and was signed by John Black.

DRUM PROPERTY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016



18. First time adoption of FRS 102

The group and company transitioned to FRS 102 from previously extant UK GAAP as at 1 January 2015. The impact of the transition to FRS 102 is as follows:

Group

	Note	As previously stated 1 January 2015 £	Effect of transition 1 January 2015 £	FRS 102 (as restated) 1 January 2015 £	As previously stated 31 December 2015 £	Effect of transition 31 December 2015 £	FRS 102 (as restated) 31 December 2015 £
Fixed assets	1	23,217,367	681,963	23,899,330	25,779,134	663,043	26,442,177
Current assets		3,815,330	-	3,815,330	21,737,980	-	21,737,980
Creditors: amounts falling due within one year	1	(1,054,036)	(18,919)	(1,072,955)	(1,650,260)	(18,920)	(1,669,180)
<b>Net current assets</b>		<b>2,761,294</b>	<b>(18,919)</b>	<b>2,742,375</b>	<b>20,087,720</b>	<b>(18,920)</b>	<b>20,068,800</b>
<b>Total assets less current liabilities</b>		<b>25,978,661</b>	<b>663,044</b>	<b>26,641,705</b>	<b>45,866,854</b>	<b>644,123</b>	<b>46,510,977</b>
Creditors: amounts falling due after more than one year	1	(7,750,000)	(663,044)	(8,413,044)	(27,801,390)	(644,123)	(28,445,513)
Provisions for liabilities	2	(21,697)	(2,220,765)	(2,242,462)	(28,728)	(1,810,870)	(1,839,598)
<b>Net assets</b>		<b>18,206,964</b>	<b>(2,220,765)</b>	<b>15,986,199</b>	<b>18,036,736</b>	<b>(1,810,870)</b>	<b>16,225,866</b>
Capital and reserves	2	18,206,964	(2,220,765)	15,986,199	18,036,736	(1,810,870)	16,225,866



18. First time adoption of FRS 102 (continued)

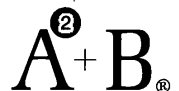
		As previously stated 31 December 2015 £	Effect of transition 31 December 2015 £	FRS 102 (as restated) 31 December 2015 £
Turnover		3,451,251	-	3,451,251
Cost of sales		(1,228,306)	-	(1,228,306)
		<hr/>	<hr/>	<hr/>
		2,222,945	-	2,222,945
Administration expenses		(884,397)	-	(884,397)
Other operating income		-	(900,000)	(900,000)
		<hr/>	<hr/>	<hr/>
<b>Operating profit</b>		1,338,548	(900,000)	438,548
Income from shares in group undertakings		55,515	-	55,515
Investment property impairment	3	-	(900,000)	(900,000)
Interest receivable and similar income		22,208	-	22,208
Interest payable and similar charges		(342,918)	-	(342,918)
		<hr/>	<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>		1,073,353	(1,800,000)	(726,647)
Taxation	4	(250,561)	409,895	159,334
		<hr/>	<hr/>	<hr/>
<b>Profit on ordinary activities after taxation and for the financial year</b>		822,792	(1,390,105)	(567,313)
		<hr/>	<hr/>	<hr/>

Explanation of changes to previously reported profit and equity:

- 1 The adjustment affecting fixed assets and accruals and deferred income is to reclass grants in line with FRS 102.
- 2 This adjustment is for deferred taxation arising in connection with the revalued investment property portfolio.
- 3 Impairment of investment property requires to be shown on the face of the profit and loss account in line with FRS 102, previously reported within reserves and the statement of total recognised gains and losses.
- 4 The adjustment affecting tax is to incorporate the movement in the deferred tax liability in respect of the revalued investment properties, which includes the £900,000 write down and the effect of a decrease in the legislated rate of tax. Further analysis of this adjustment can be found on page 30.

DRUM PROPERTY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016



18. First time adoption of FRS 102 (continued)

Company

	Note	As previously stated 1 January 2015 £	Effect of transition 1 January 2015 £	FRS 102 (as restated) 1 January 2015 £	As previously stated 31 December 2015 £	Effect of transition 31 December 2015 £	FRS 102 (as restated) 31 December 2015 £
Fixed assets	1	10,295,241	(2,220,765)	8,074,476	9,630,606	(1,810,870)	7,819,736
Current assets		8,750,507	-	8,750,507	27,983,122	-	27,983,122
Creditors: amounts falling due within one year		(833,795)	-	(833,795)	(1,026,121)	-	(1,026,121)
<b>Net current assets</b>		<b>7,916,712</b>	<b>-</b>	<b>7,916,712</b>	<b>26,957,001</b>	<b>-</b>	<b>26,957,001</b>
<b>Total assets less current liabilities</b>		<b>18,211,953</b>	<b>(2,220,765)</b>	<b>15,991,188</b>	<b>36,587,607</b>	<b>(1,810,870)</b>	<b>34,776,737</b>
Creditors: amounts falling due after more than one year		-	-	-	(18,546,390)	-	(18,546,390)
Provisions for liabilities		(4,989)	-	(4,989)	(4,481)	-	(4,481)
<b>Net assets</b>		<b>18,206,964</b>	<b>(2,220,765)</b>	<b>15,986,199</b>	<b>18,036,736</b>	<b>(1,810,870)</b>	<b>16,225,866</b>
Capital and reserves	1	18,206,964	(2,220,765)	15,986,199	18,036,736	(1,810,870)	16,225,866

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016



18. First time adoption of FRS 102 (continued)

		As previously stated 31 December 2015 £	Effect of transition 31 December 2015 £	FRS 102 (as restated) 31 December 2015 £
Turnover		1,515,000	-	1,515,000
Administrative expenses	2	1,515,000 (774,721)	- (255,325)	1,515,000 (1,030,046)
<b>Operating profit</b>		740,279	(255,325)	484,954
Interest receivable and similar income		23,863	-	23,863
Interest payable and similar charges		(14,629)	-	(14,629)
Taxation		(161,501)	-	(161,501)
<b>Profit on ordinary activities after taxation and for the financial year</b>		588,012	(255,325)	332,687

Explanation of changes to previously reported profit and equity:

- 1 The adjustment affecting fixed assets is for the revaluation of investments.
- 2 The adjustment affecting the profit and loss account is the decrease in the carrying value of investments.

	Group 2015 £
<b>Taxation transition adjustment</b>	
Tax effect of investment property impairment at 20%	180,000
Effective change from tax rate from 18% to 20%	201,207
Attributable to indexation	28,688
	409,895