



**DRUM COMMERCIAL ASSET
INVESTMENTS LIMITED**

**INFORMATION FOR FILING WITH THE REGISTRAR
FOR THE YEAR ENDED 31 DECEMBER 2018**

**COMPANIES HOUSE
EDINBURGH**

27 SEP 2019

FRONT DESK



DRUM COMMERCIAL ASSET INVESTMENTS LIMITED



COMPANY INFORMATION

| | |
|-----------------------------|---|
| Directors | G M Bone S C Oag |
| Company secretary | Brodies Secretarial Services Limited |
| Registered number | SC295026 |
| Registered office | 12 Rubislaw Terrace Lane Aberdeen AB10 1XF |
| Independent auditors | Anderson Anderson & Brown Audit LLP Kingshill View Prime Four Business Park Kingswells Aberdeen AB15 8PU |

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**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

The directors are responsible for preparing the Directors' report and the 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 of the profit or loss of the company for that period.

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

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgements 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 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DRUM COMMERCIAL ASSET INVESTMENTS LIMITED

REGISTERED NUMBER: SC295026



BALANCE SHEET
AS AT 31 DECEMBER 2018

| | Note | 2018 £ | 2018 £ | 2017 £ | 2017 £ |
|---|------|----------------|-----------------------|----------------|-----------------------|
| Fixed assets | | | | | |
| Investment property | 4 | | 2,435,000 | | 7,085,861 |
| | | | <u>2,435,000</u> | | <u>7,085,861</u> |
| Current assets | | | | | |
| Debtors: amounts falling due within one year | 5 | 99,555 | | 260,339 | |
| Cash at bank and in hand | 6 | 324,551 | | 83,454 | |
| | | <u>424,106</u> | | <u>343,793</u> | |
| Creditors: amounts falling due within one year | 7 | (54,390) | | (2,578,888) | |
| Net current assets/(liabilities) | | | <u>369,716</u> | | <u>(2,235,095)</u> |
| Total assets less current liabilities | | | <u>2,804,716</u> | | <u>4,850,766</u> |
| Creditors: amounts falling due after more than one year | 8 | | (2,245,000) | | (4,245,000) |
| | | | <u>559,716</u> | | <u>605,766</u> |
| Provisions for liabilities | | | | | |
| Deferred taxation | 11 | (60,648) | | (96,688) | |
| | | | <u>(60,648)</u> | | <u>(96,688)</u> |
| Net assets excluding pension asset | | | <u>499,068</u> | | <u>509,078</u> |
| Net assets | | | <u><u>499,068</u></u> | | <u><u>509,078</u></u> |
| Capital and reserves | | | | | |
| Called up share capital | 12 | | 2 | | 2 |
| Revaluation reserve | | | 116,573 | | 116,573 |
| Profit and loss account | | | <u>382,493</u> | | <u>392,503</u> |
| | | | <u><u>499,068</u></u> | | <u><u>509,078</u></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.

DRUM COMMERCIAL ASSET INVESTMENTS LIMITED

REGISTERED NUMBER: SC295026

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2018



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

.....
S C Oag
Director

Date: 25/09/19

The notes on pages 4 to 10 form part of these financial statements.

1. General information

Drum Commercial Asset Investments Limited is a limited liability company incorporated in Scotland. The registered office is 12 Rubislaw Terrace Lane, Aberdeen, AB10 1XF. The principal activity is the purchase and rental of properties. The company also owns a portfolio of investment properties.

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

The directors, having made due and careful enquiry and preparing forecasts, are of the opinion that the 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 there is reasonable expectation that the 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.

2.3 Revenue

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

2.4 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 Statement of comprehensive income.

2.5 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted company 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 Statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.6 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. Accounting policies (continued)

2.7 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.

2.8 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.

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 financed at a rate of interest that is not a market rate or in the case of an out-right 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 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 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.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31-DECEMBER 2018**

2. Accounting policies (continued)

2.10 Finance costs

Finance costs are charged to the 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.

2.11 Leased assets: the company as lessor

Lease payments are analysed between capital and interest components so that the interest element of the payment is credited to profit or loss over the term of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts owed by the lessee.

2.12 Interest income

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

2.13 Borrowing costs

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

2.14 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, 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.

3. Employees

The average number of employees, including directors, in the year was 2 (2017 - 2).

DRUM COMMERCIAL ASSET INVESTMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**



4. Investment property

| | Freehold investment property £ |
|----------------------------|---|
| Valuation | |
| At 1 January 2018 | 7,085,861 |
| Disposals | (4,650,861) |
| At 31 December 2018 | 2,435,000 |

The company's entire investment portfolio was revalued in June 2017 by external qualified chartered surveyors. The directors believe these valuations reflect the current market value and climate as at 31 December 2018.

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

| | 2018 £ | 2017 £ |
|---------------|------------------|------------------|
| Historic cost | 2,315,305 | 6,966,166 |
| | <u>2,315,305</u> | <u>6,966,166</u> |

5. Debtors

| | 2018 £ | 2017 £ |
|------------------------------------|---------------|----------------|
| Amounts owed by group undertakings | 12,841 | 120,145 |
| Other debtors | 68,120 | 107,783 |
| Prepayments and accrued income | 18,594 | 32,411 |
| | <u>99,555</u> | <u>260,339</u> |

6. Cash and cash equivalents

| | 2018 £ | 2017 £ |
|--------------------------|----------------|---------------|
| Cash at bank and in hand | 324,551 | 83,454 |
| | <u>324,551</u> | <u>83,454</u> |

7. Creditors: Amounts falling due within one year

| | 2018 £ | 2017 £ |
|------------------------------------|---------------|------------------|
| Trade creditors | 6,510 | 24,575 |
| Amounts owed to group undertakings | 8,919 | 2,450,552 |
| Corporation tax | - | 41,542 |
| Other creditors | 38,961 | 62,219 |
| | <u>54,390</u> | <u>2,578,888</u> |

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

| | 2018 £ | 2017 £ |
|------------|------------------|------------------|
| Bank loans | 2,245,000 | 4,245,000 |
| | <u>2,245,000</u> | <u>4,245,000</u> |

9. Loans

Analysis of the maturity of loans is given below:

| | 2018 £ | 2017 £ |
|--------------------------------------|------------------|------------------|
| Amounts falling due 2-5 years | | |
| Bank loans | 2,245,000 | 4,245,000 |
| | <u>2,245,000</u> | <u>4,245,000</u> |
| | <u>2,245,000</u> | <u>4,245,000</u> |

Included within the creditors due after more than one year is a bank loan totalling £2,245,000 (2017 - £4,245,000). The bank loan is part of a £13m group revolving credit facility agreed by the company and Drum Riverview Limited and Drum investments Limited. The loan is secured by a bond and floating charge over the assets of these companies, an inter-company guarantee between the companies and a first standard security over the investment properties owned by these companies.

10. Financial instruments

| | 2018 £ | 2017 £ |
|--|-----------|-----------|
| Financial assets | | |
| Financial assets measured at fair value through profit or loss | 324,551 | 83,454 |

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

11. Deferred taxation

| | 2018 £ |
|---------------------------|-----------------|
| At beginning of year | (96,688) |
| Charged to profit or loss | 36,040 |
| At end of year | (60,648) |

The provision for deferred taxation is made up as follows:

| | 2018 £ | 2017 £ |
|--------------------------------------|-----------------|-----------------|
| Fixed asset timings differences | (57,526) | (93,566) |
| Revaluation of investment properties | (3,122) | (3,122) |
| | (60,648) | (96,688) |

12. Share capital

| | 2018 £ | 2017 £ |
|--|-----------|-----------|
| Allotted, called up and partly paid | | |
| 2 (2017 - 2) Ordinary shares of £1.00 each | 2 | 2 |

13. Related party transactions

The company has taken advantage of the exemption given by section 1AC.35 of Financial Reporting Standard 102 which allows exemption from disclosure of related party transactions with other group companies.

During the year the company sold investment property amounting £4,650,861 to a company with common directors. No amounts were outstanding at the year end.

14. Controlling party

Throughout the year the company was controlled by the directors.

The ultimate parent company of which the company is a wholly owned subsidiary is Drum Property Group Limited, a company registered in Scotland.

15. Auditors' information

The auditors' report on the financial statements for the year ended 31 December 2018 was unqualified.

The audit report was signed on 25/9/19 by John Black (Senior statutory auditor) on behalf of Anderson Anderson & Brown Audit LLP.