

HEATHCOAT PROPERTY MANAGEMENT COMPANY LIMITED

Registered number: 00960456

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 MAY 2021**



HEATHCOAT PROPERTY MANAGEMENT COMPANY LIMITED

CONTENTS

	Page (s)
Directors' report	1
Statement of directors' responsibilities	2
Independent auditor's report	3 - 5
Profit and loss account	6
Balance sheet	7
Statement of changes in equity	8
Notes to the financial statements	9 - 12

HEATHCOAT PROPERTY MANAGEMENT COMPANY LIMITED

Directors' report

The directors submit their report and audited financial statements for the year ended 31st May 2021.

Principal activities

The principal activities of the Company are the acquisition and leasing of motor vehicles for group purposes.

Profit and dividends

The Directors do not recommend payment of a dividend (2020: £nil).

Directors

The following people served as directors of the company during the year and up to the date of signing the financial statements:

S C Waddington - Resigned 13/05/21

C G Harvie - Appointed 13/05/21

J J Short - Resigned 13/05/21

C D Kiely - Appointed 13/05/21

Disclosure of information to Auditor

So far as each of the directors are aware, there is no relevant audit information (that is, any information needed by the company's auditor in connection with preparing their report) of which the company's auditor is unaware, and each of the directors has taken all steps that he ought to have taken in order to make himself aware of any relevant information and to establish that the company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Independent Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.



By order of the Board
D A Penn, Company Secretary

7th October 2021

HEATHCOAT PROPERTY MANAGEMENT COMPANY LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEATHCOAT PROPERTY MANAGEMENT COMPANY LIMITED

Opinion

We have audited the financial statements of Heathcoat Property Management Company Limited ("the company") for the year ended 31 May 2021 which comprise the Profit and loss account, Balance sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board meeting minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEATHCOAT PROPERTY MANAGEMENT COMPANY LIMITED - CONTINUED

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that Company management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates and judgements such as pension assumptions.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.
- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors (as required by auditing standards) and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEATHCOAT PROPERTY MANAGEMENT COMPANY LIMITED - CONTINUED

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 2, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Andrew Gordon (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

Regus, 4th Floor
Salt Quay House
6 North East Quay
Plymouth
PL4 0HP

8 October 2021

HEATHCOAT PROPERTY MANAGEMENT COMPANY LIMITED

Profit and loss account for the year ended 31st May 2021

	Notes	2021 £000	2020 £000
Turnover	1	74	91
Administrative expenses		(53)	(73)
Profit before taxation	2	21	18
Tax on profit	3	(4)	(1)
Profit for the financial year		<u>17</u>	<u>17</u>

During the year the company had no items of Other Comprehensive income (2020: £nil).

All the results were derived from continuing operations.

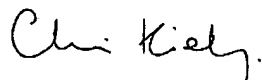
The notes on pages 9 to 12 form part of these financial statements.

HEATHCOAT PROPERTY MANAGEMENT COMPANY LIMITED

Balance sheet as at 31st May 2021

	Notes	2021 £000	2020 £000
Fixed assets			
Tangible assets	5	66	123
Current assets			
Deferred Tax asset	6	28	27
Cash at bank and in hand		<u>550</u>	<u>461</u>
		<u>578</u>	<u>488</u>
Creditors: amounts falling due within one year	7	(299)	(283)
Net current assets		<u>279</u>	<u>205</u>
Total assets less current liabilities		<u>345</u>	<u>328</u>
Capital and reserves			
Called up share capital	8	-	-
Profit and loss account		<u>345</u>	<u>328</u>
Total shareholders' funds		<u>345</u>	<u>328</u>

The financial statements on pages 6 to 12 were approved by the Board on 7th October 2021 and signed on its behalf by;



C D Kiely - Director

Heathcoat Property Management Company Limited - registered number 00960456

HEATHCOAT PROPERTY MANAGEMENT COMPANY LIMITED

Statement of Changes in Equity

Year Ended 31 May 2020

	<u>Called up</u> <u>Share capital</u> £000	<u>Profit and loss</u> <u>account</u> £000	Total <u>equity</u> £000
Balance at 1 June 2019	-	311	311
Total comprehensive income for the period:			
Profit for the financial year	-	17	17
	<hr/>	<hr/>	<hr/>
Transactions with owners, recorded directly in equity:			
Dividends	-	-	-
	<hr/>	<hr/>	<hr/>
Balance at 31 May 2020	-	328	328

Year Ended 31 May 2021

	<u>Called up</u> <u>Share capital</u> £000	<u>Profit and loss</u> <u>account</u> £000	Total <u>equity</u> £000
Balance at 1 June 2020	-	328	328
Total comprehensive income for the period:			
Profit for the financial year	-	17	17
	<hr/>	<hr/>	<hr/>
Transactions with owners, recorded directly in equity:			
Dividends	-	-	-
	<hr/>	<hr/>	<hr/>
Balance at 31 May 2021	-	345	345

HEATHCOAT PROPERTY MANAGEMENT COMPANY LIMITED

Notes to the financial statements

1 Accounting policies

Heathcoat Property Management Company Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 00960456 and the registered address is Westexe, Tiverton, Devon, EX16 5LL.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2016 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The company is included in the consolidated financial statements of John Heathcoat & Company (Holdings) Limited, and is considered to be a qualifying entity under FRS 102. The following exemptions available under FRS 102 in respect of certain disclosures for the company financial statements have been applied:

- No Cash Flow Statement with related notes is included; and
- Key Management Personnel compensation has not been included.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

There are no areas of significant judgement required as lease terms and depreciation are straightforward calculations.

Measurement convention

The financial statements are prepared on the historical cost basis.

Going concern

The Directors have taken account of any potential downside impact of COVID-19 on the operations and financial resources of the company and are confident that the company will continue to trade profitably for the foreseeable future. Leasing income is derived from a group company and a review of group forecasts demonstrate the group's ability to continue to meet lease commitments. The company has adequate cash resources to meet its liabilities as they fall due, therefore the financial statements of the company have been prepared on a going concern basis.

Impairment excluding stocks, investment properties and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Non-financial assets

The carrying amounts of the entity's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Provisions

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

HEATHCOAT PROPERTY MANAGEMENT COMPANY LIMITED

Notes to the financial statements (continued)

Turnover

Turnover represents amounts receivable from leasing of motor vehicles, is net of value added tax, and is all generated in the UK. Revenue is recognised when services have been provided.

Operating leases

Operating lease income is accounted for on a straight line basis with any rental increases recognised during the financial year to which they relate.

Tangible fixed assets

Tangible fixed assets are shown in these financial statements at historical cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation of motor vehicles is provided at 25% of cost on a straight line basis so as to write off the assets over their estimated useful lives.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

HEATHCOAT PROPERTY MANAGEMENT COMPANY LIMITED

Notes to the financial statements (continued)

	2021 £000	2020 £000
2 Profit before taxation		
Profit before taxation is stated after charging / (crediting):		
Auditors' remuneration - audit of the Company's financial statements	2	2
Depreciation of owned tangible fixed assets	57	70
Profit on sale of tangible fixed assets	(16)	(9)

3 Taxation

Total tax expense recognised in the profit and loss account.

Current tax

Current tax on income for the period	5	6
Adjustments in respect of prior periods		-
Total current tax	<u>5</u>	<u>6</u>

Deferred tax

Origination and reversal of timing differences	(1)	(3)
Change in tax rate		(2)
Total deferred tax	<u>(1)</u>	<u>(5)</u>

Total Tax

<u>4</u>	<u>1</u>
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Reconciliation of effective tax rate

Profit for the year	17	17
Tax charge	4	1
Profit before tax	<u>21</u>	<u>18</u>

Tax using the UK corporation tax rate of 19% (2020: 19%)

Reduction in tax rate on deferred tax balances

Over provided in prior years

Total Tax

<u>4</u>	<u>1</u>
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Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020.

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly.

The deferred tax asset at 31 May 2021 has been calculated based on these rates, reflecting the expected timing of reversal of the related temporary differences (2020: 19%).

4 Directors and staff costs

The company has no employees (2020: none). The directors do not receive any emoluments in respect of their services to the company as the time spent on such activities is insignificant (2020: nil).

5 Tangible fixed assets

Motor vehicles

	£000
Cost at 1st June 2020	521
Disposals	(115)
Cost at 31st May 2021	<u>406</u>
Accumulated Depreciation at 1st June 2020	398
Charge for the year	57
Disposals	(115)
Accumulated depreciation at 31st May 2021	<u>340</u>
Net book value at 31st May 2021	<u>66</u>
Net book value at 31st May 2020	<u>123</u>

These assets are all held for rental purposes under operating leases.

HEATHCOAT PROPERTY MANAGEMENT COMPANY LIMITED

Notes to the financial statements (continued)

	2021 £000	2020 £000
6 Deferred Tax Asset		
At 1st June	27	22
Deferred tax in the Profit & loss account	<u>1</u>	<u>5</u>
At 31st May	<u>28</u>	<u>27</u>
Capital allowances in excess of depreciation	<u>28</u>	<u>27</u>

	2021 £000	2020 £000
7 Creditors: amounts falling due within one year		
Amounts owed to group undertakings	294	274
Corporation tax	3	6
Value added tax	<u>2</u>	<u>3</u>
	<u>299</u>	<u>283</u>

Amounts owed by/to group undertakings are repayable on demand and interest free.

	2021 £	2020 £
8 Called up share capital		
Authorised:		
100 (2020: 100) ordinary shares at £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid:		
2 (2020: 2) ordinary shares at £1 each	<u>2</u>	<u>2</u>

9 Related party transactions

The company is a wholly owned subsidiary of John Heathcoat & Company (Holdings) Limited and as such has taken advantage of exemptions under FRS 102. Consequently, intra-group transactions are not disclosed. There are no related party transactions aside from intra-group transactions.

10 Holding company

The company is a wholly owned subsidiary of, and is ultimately controlled by, John Heathcoat & Company (Holdings) Limited, a company incorporated, domiciled and registered in England in the UK. The registered address of John Heathcoat & Company (Holdings) Limited is Westexe, Tiverton, Devon, EX16 5LL.

John Heathcoat & Company (Holdings) Limited is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements.

Copies of the parent company's consolidated financial statements may be obtained from the Company Secretary, John Heathcoat & Company (Holdings) Limited, Westexe, Tiverton, Devon EX16 5LL.