

**Adare Lexicon Limited**

**Annual report and  
financial statements**

**Year ended 31 October 2018**

*Registered number: 03014889*

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# Adare Lexicon Limited

## Annual report and financial statements

<i>Contents</i>	<i>Page</i>
Directors and other information	1
Directors' Report	2
Statement of directors' responsibilities	4
Independent auditors' report	5
Statement of comprehensive income	8
Balance sheet	9
Statement of changes in equity	10
Notes	11

# Adare Lexicon Limited

## Directors and other information

### Directors

R.R Nevins  
J.C.M Woolley

### Secretary

Marrons Consultancies Limited

### Registered office

1 Meridian South  
Meridian Business Park  
Leicester  
LE19 1WY  
England

### Independent auditors

PricewaterhouseCoopers LLP  
Central Square  
29 Wellington Street  
Leeds  
LS1 4DL

### Solicitors

Walker Morris LLP  
Kings Court  
12 King Street  
Leeds LS1 2HL

### Bankers

HSBC Bank Plc  
City Branch  
33 Park Row  
Leeds  
LS1 1LD

### Registered number

03014889

# Adare Lexicon Limited

## Directors' Report

The directors present their report and audited financial statements for the year ended 31 October 2018.

### Results and dividends

The profit for the financial year, amounted to £11,000 (2017: *£nil*). The directors of the company do not propose the payment of a dividend for the year (2017: *£nil*).  
The net assets of the company at the year end were £749,000 (2017: £738,000).

### Principal activity and review of the business

On the 15 November 2017 the company completed the sale of its investment property. The company has not traded in the current or preceding year (other than the sale of the investment property) and the directors have no intention of recommencing trading in the foreseeable future.

### Risks and uncertainties

In the opinion of the directors, there are no significant risks and uncertainties impacting the company.

### Directors, secretary and their interests

The directors and secretary in office at 31 October 2018 and up to the date of signing the financial statements are listed on page 1.

On the 19 December 2017, R. Whiteside resigned as a director. On the 9 October 2018, R.P. Slee resigned as a director. On 31 October 2018 J.C.M. Woolley was appointed as a director.

R.R. Nevins and J.C.M. Woolley were directors of the company's ultimate parent undertaking, Adare SEC Holdings Limited, as at 31 October 2018. Their interests are disclosed in that company's financial statements.

None of the directors have any ownership interest in the company. There are no other interests requiring disclosure under the Companies Act, 2006.

### Disclosure of information to auditors

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### Strategic report

The company has taken advantage of the exemption under the Companies Act 2006 (Strategic Report and Directors Report) Regulations 2013 from implementing the strategic report requirements as the Company qualifies as a small company for company law purposes.

# Adare Lexicon Limited

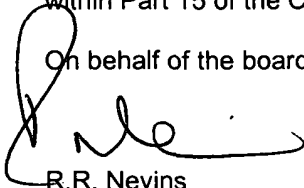
## Directors' Report (*continued*)

### **Independent Auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

On behalf of the board.

A handwritten signature in black ink, appearing to read 'R. Nevins', written over the printed name.

R.R. Nevins  
Director

9 April 2019

# Adare Lexicon Limited

## Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 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.

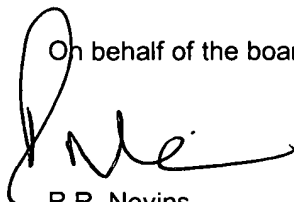
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

### ***Directors' confirmations***

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



R.R. Nevins  
Director

9 April 2019

# ***Independent auditors' report to the members of Adare Lexicon Limited***

## **Report on the audit of the financial statements**

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### **Opinion**

In our opinion, Adare Lexicon Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 31 October 2018; the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### ***Independence***

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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### **Conclusions relating to going concern**

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

# ***Independent auditors' report to the members of Adare Lexicon Limited (continued)***

## **Report on the audit of the financial statements (continued)**

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### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

#### ***Directors' Report***

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 October 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

### **Responsibilities for the financial statements and the audit**

#### ***Responsibilities of the directors for the financial statements***

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### ***Auditors' responsibilities for the audit of the financial statements***

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 an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### ***Use of this report***

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



# ***Independent auditors' report to the members of Adare Lexicon Limited (continued)***

## **Report on the audit of the financial statements (*continued*)**

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### **Other required reporting**

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#### **Companies Act 2006 exception reporting**

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

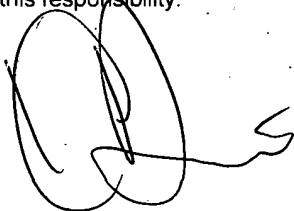
- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified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

We have no exceptions to report arising from this responsibility.

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#### **Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Ian Plunkett FCA (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Leeds  
9 April 2019

# Adare Lexicon Limited

## Statement of comprehensive income for the year ended 31 October 2018

	Note	2018 £'000	2017 £'000
Profit on the sale of investment property	4	11	-
<b>Profit before taxation</b>		<u>11</u>	<u>-</u>
Income tax expense	3	-	-
<b>Profit for the financial year</b>		<u>11</u>	<u>-</u>
<b>Other comprehensive expense</b>			
Forgiveness of intercompany debt		-	(309)
<b>Other comprehensive expense for the year</b>		<u>-</u>	<u>(309)</u>
<b>Total comprehensive income / (expense) for the year</b>		<u>11</u>	<u>(309)</u>

All activities relate to discontinued operations in the year ended 31 October 2018.

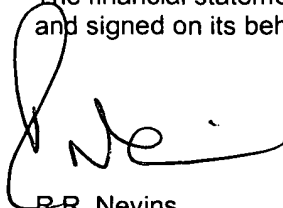
# Adare Lexicon Limited

## Balance sheet

as at 31 October 2018

	Note	2018 £'000	2017 £'000
<b>Fixed assets</b>			
Properties held for resale	4	-	738
		<hr/>	<hr/>
		-	738
		<hr/>	<hr/>
<b>Current assets</b>			
Trade and other receivables	5	749	-
<b>Creditors: amounts falling due within one year</b>		-	-
		<hr/>	<hr/>
<b>Net current assets</b>		749	-
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		749	738
		<hr/>	<hr/>
<b>Net assets</b>		749	738
		<hr/>	<hr/>
<b>Equity</b>			
Called up share capital	6	-	-
Retained earnings		749	738
		<hr/>	<hr/>
<b>Total shareholders' funds</b>		749	738
		<hr/>	<hr/>

The financial statements on pages 8 to 15 were approved by the board of directors on 9 April 2019 and signed on its behalf by:



R.R. Nevins  
Director

Company registered number: 03014889

# Adare Lexicon Limited

## Statement of changes in equity

*For the year ended at 31 October 2018*

	<b>Called up share capital £'000</b>	<b>Retained earnings £'000</b>	<b>Total shareholders' funds £'000</b>
Balance at 1 November 2016	-	1,047	1,047
Other comprehensive expense	-	(309)	(309)
	<hr/>	<hr/>	<hr/>
Balance at 31 October 2017	-	738	738
Profit for the financial year	-	11	11
	<hr/>	<hr/>	<hr/>
Balance at 31 October 2018	-	<b>749</b>	<b>749</b>
	<hr/>	<hr/>	<hr/>

# Adare Lexicon Limited

## Notes

### 1 Accounting policies

#### General information

The company is a private company and is incorporated and domiciled in the UK.

#### Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006 as applicable to companies using FRS 101. The principal accounting policies applied to the preparation of these financial statements are set out below, and, unless otherwise stated, these policies have been consistently applied to all the periods presented.

FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that must otherwise apply the recognition, measurements and disclosure requirements of EU-adopted IFRS.

The company is a qualifying company for the purposes of FRS 101. Note 8 gives details of the company's ultimate parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. However no critical accounting estimates have been used in the preparation of these financial statements. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial Instruments: Disclosures'.
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 'Property, plant and equipment';
  - paragraph 118(e) of IAS 38 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d), (statement of cash flows),
  - 16 (statement of compliance with all IFRS),
  - 38A (requirement for minimum of two primary statements, including cash flow statements),
  - 38B-D (additional comparative information),
  - 111 (cash flow statement information), and
  - 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).

The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

# Adare Lexicon Limited

## Notes (*continued*)

### 1 Accounting policies (*continued*)

#### Property held for resale

The carrying value of properties held for resale are reviewed annually for impairment and are not depreciated or amortised. Where the valuation indicates a permanent diminution in the value of the property, the permanent diminution is charged to the Statement of comprehensive income.

The investment property was sold on 15 November 2017.

#### Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

### 2 Statutory information

The audit fee for the year was £nil (2017: £nil), with audit fees being borne by a fellow group company. The aggregate emoluments paid to the directors during the year were £nil (2017: £nil).

# Adare Lexicon Limited

## Notes (continued)

<b>3</b>	<b>Income tax expense</b>	<b>2018 £'000</b>	<b>2017 £'000</b>
	<b>(a) Analysis of charge in year</b>		
	<i>Current tax:</i>		
	Adjustments to tax charge in respect of prior years	-	-
		<hr/>	<hr/>
	Total current tax (note 3 (b))	-	-
	<i>Deferred tax:</i>		
	Origination and reversal of timing differences	-	-
		<hr/>	<hr/>
	Tax on profit on ordinary activities (note 3(b))	-	-
		<hr/>	<hr/>

### (b) Factors affecting tax charge in year

The tax assessed for the year is the lower (2017: *the same*) than the standard rate of corporation tax in the United Kingdom. The differences are explained below:

	<b>2018 £'000</b>	<b>2017 £'000</b>
Profit before taxation	11	-
	<hr/>	<hr/>
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 19% (2017: 19.41 %)	2	-
<i>Effects of:</i>		
Fixed asset differences	(2)	-
	<hr/>	<hr/>
Total tax charge for year (note 3 (a))	-	-
	<hr/>	<hr/>
<b>4</b>	<b>Properties held for resale</b>	
	<b>2018 £'000</b>	<b>2017 £'000</b>
At start of year	738	738
Proceeds from sale of land held for resale	(749)	-
Profit on sale of land	11	-
	<hr/>	<hr/>
At end of year	-	738
	<hr/>	<hr/>

The land was sold on 15 November 2017.

# Adare Lexicon Limited

## Notes (continued)

<b>5</b>	<b>Trade and other receivables</b>	<b>2018 £'000</b>	<b>2017 £'000</b>
	Amounts owed by parent undertakings	<b>749</b>	-
		<b>749</b>	-

The amounts owed by parent undertakings are unsecured, repayable on demand and are not interest-bearing.

<b>6</b>	<b>Called up share capital</b>	<b>2018</b>	<b>2017</b>
	<b><i>Authorised, allotted, called up and fully paid</i></b>		
	One (2017: one) ordinary share of £1	<b>1</b>	<b>1</b>

## **7 Bank security**

The bank loans and overdrafts of the Adare SEC Holdings Limited group are secured by way of a first debenture from certain group undertakings (including Adare Lexicon Limited) comprising a legal mortgage over properties owned by the Adare SEC Holdings Limited group and a charge over all of the assets of such undertakings together with intergroup guarantees from certain group undertakings (including Adare Lexicon Limited).

A strategic review of the business has been concluded by the Directors and ultimate investors. As part of the review, the company engaged with its bankers, HSBC and re-set some of the terms of its banking arrangements. The revised facility agreement was signed by the bank in October 2018 and included the waiver of all covenant tests at 31 October 2018.



# Adare Lexicon Limited

## Notes (*continued*)

### **8 Ultimate parent undertaking**

The company's immediate parent undertaking is ACICS Limited. The company's ultimate parent undertaking is Adare SEC Holdings Limited. Each of these companies is incorporated in England and Wales.

The only consolidated financial statements in which the results of Adare Lexicon Limited at 31 October 2018 are included are those of Adare SEC Holdings Limited. Copies of the consolidated financial statements of Adare SEC Holdings Limited are filed at Companies House, Crown Way, Cardiff.

The ultimate controlling party of the company is Endless III General Partner LLP by way of its controlling of Endless Fund III A Limited Partnership, Endless Fund III B Limited Partnership and Endless Fund III C Limited Partnership who between them own 86.74% of the issued shares in the Group as at 31 October 2018. This shareholding has changed since the year end to 92.75%.

### **9 Related party transactions**

The company has taken advantage of the exemption from disclosing transactions with wholly owned group companies.

### **10 Post balance sheet event**

On 30 November 2018, a fixed charge over all the company's land and intellectual property was registered against the company by the trustees of the Halcyon Business Solutions Pension Scheme as part of a new contribution agreement entered into with the Scheme's trustees. This charge ranks behind the bank's charge.