

COMPANY REGISTRATION NUMBER: 00501492

CONERVON PROPERTIES LIMITED
UNAUDITED FINANCIAL STATEMENTS
31 MARCH 2016

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CONERVON PROPERTIES LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016

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CONERVON PROPERTIES LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2016

The directors present their report and the unaudited financial statements of the company for the year ended 31 March 2016.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is property investment in commercial, and residential properties in the UK. From time to time the company undertakes new developments and also the redevelopment of its existing properties. The company's business model is generally to hold its properties for the long term in order to generate rental income and capital appreciation. However, each of the company's investment properties is considered to be potentially for sale in the right circumstances. There has been no significant change in the nature of the company's business activities during the year under review, nor is any envisaged in the immediate future.

DIRECTORS

The directors who served the company during the year were as follows:

Mr B S E Freshwater
Mr D Davis

The Articles of Association of the company do not require the directors to retire by rotation. Neither director has a service contract with the company.

The majority of the day-to-day management of the company's properties and its operations is carried out by Freshwater Property Management Limited and Highdorn Co. Limited. Mr BSE Freshwater is a director of, but has no beneficial interest in the share capital of, either of these companies.

Mr BSE Freshwater and Mr D Davis are also Governors of the parent undertaking of Freshwater Property Management Limited, but have no beneficial interest in that company.

RESULTS AND DIVIDENDS

The results for the year are set out in the attached profit and loss account and explanatory notes.

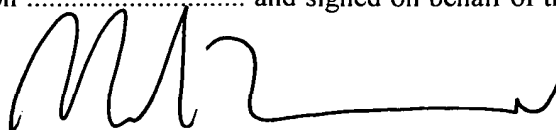
The company did not pay a dividend in the year (2015: £nil). The directors do not propose a final dividend for the year (2015: £nil).

PROPERTY

A professional valuation of the company's investment properties was carried out at 31 March 2016 by Colliers International Property Advisers UK LLP, RICS Registered Valuers. The valuation totalled £1,328,625 (2015: £1,277,625) producing a surplus of £51,000 (2015: £75,000) which has been included in the profit and loss account.

15 DEC 2016

This report was approved by the board of directors on and signed on behalf of the board by:



M R M Jenner, F.C.I.S.
Company Secretary

Registered office:
Freshwater House
158-162 Shaftesbury Avenue
London
WC2H 8HR

CONERVON PROPERTIES LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 MARCH 2016

	Note	2016 £	2015 £
TURNOVER	3	151	152
Cost of sales		<u>(9,340)</u>	<u>(18,401)</u>
GROSS LOSS		(9,189)	(18,249)
Administrative expenses		<u>(5,884)</u>	<u>(5,036)</u>
Net valuation gains on investment property		51,000	75,000
Profit on disposal of investment property		<u>—</u>	<u>5,000</u>
OPERATING PROFIT		35,927	56,715
Interest payable	5	<u>(501)</u>	<u>(563)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		35,426	56,152
Taxation on ordinary activities	6	<u>16,548</u>	<u>(15,000)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>51,974</u>	<u>41,152</u>

All the activities of the company are from continuing operations.

The notes on pages 5 to 13 form part of these financial statements.

CONERVON PROPERTIES LIMITED
STATEMENT OF INCOME AND RETAINED EARNINGS
YEAR ENDED 31 MARCH 2016

	Note	2016 £	2015 £
Profit for the financial year and total comprehensive income		51,974	41,152
RETAINED EARNINGS AT THE START OF THE YEAR		<u>857,683</u>	<u>816,531</u>
RETAINED EARNINGS AT THE END OF THE YEAR		<u><u>909,657</u></u>	<u><u>857,683</u></u>

The balance on the profit and loss account at 31 March 2016 includes of £1,087,605 of unrealised profits which are not available for distribution.

The notes on pages 5 to 13 form part of these financial statements.

CONERVON PROPERTIES LIMITED

BALANCE SHEET

31 MARCH 2016

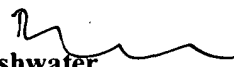
	Note	2016 £	2015 £
FIXED ASSETS			
Investment properties	7	1,328,625	1,277,625
CURRENT ASSETS			
Debtors	8	117,177	111,600
Cash at bank and in hand		1,286	1,786
		<u>118,463</u>	<u>113,386</u>
CREDITORS: amounts falling due within one year	9	<u>(298,879)</u>	<u>(278,228)</u>
NET CURRENT LIABILITIES		<u>(180,416)</u>	<u>(164,842)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,148,209</u>	<u>1,112,783</u>
PROVISIONS	11	<u>(238,452)</u>	<u>(255,000)</u>
NET ASSETS		<u><u>909,757</u></u>	<u><u>857,783</u></u>
CAPITAL AND RESERVES			
Called up share capital	12	100	100
Profit and loss account	13	<u>909,657</u>	<u>857,683</u>
SHAREHOLDERS FUNDS		<u><u>909,757</u></u>	<u><u>857,783</u></u>

For the year ending 31 March 2016 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors responsibilities:

- The shareholders have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476;
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

These financial statements were approved by the board of directors and authorised for issue on ~~15 DEC 2016~~ and are signed on behalf of the board by:


B S E Freshwater
 Director

Company registration number: 00501492

The notes on pages 5 to 13 form part of these financial statements.

CONERVON PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016

1. STATEMENT OF COMPLIANCE

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

2. ACCOUNTING POLICIES

Basis of preparation

Conervon Properties Limited (the "Company") is a company limited by shares and incorporated in the UK. The Company's Registered Office is Freshwater House, 158-162 Shaftesbury Avenue, London WC2H 8HR. The presentation currency of these financial statements is sterling.

The financial statements have been prepared under the historical cost convention except that investment property is measured at fair value.

The financial statements have been prepared on a going concern basis, notwithstanding the company's net current liabilities as at 31 March 2016, since the directors have received an assurance from a connected company, Highdorn Co. Limited, that it will continue to provide such cash resources as are required by the company for at least 12 months from the date of approval of these financial statements.

Disclosure exemptions

The company is considered to be a small company and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to the end of the period;
- Cash Flow Statement and related notes;
- Key Management Personnel compensation; and
- Basic and Other Financial Instruments.

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

Judgements and key sources of estimation uncertainty

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 18.

CONERVON PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31 MARCH 2016

2. ACCOUNTING POLICIES *(continued)*

Turnover

Turnover comprises rents and service charges receivable. Rental income from investment property leased out under operating leases is recognised in the profit and loss account on a straight line basis over the period to the first break clause. Lease incentives granted to tenants are recognised on a straight line basis over the period to the first break clause. Service charge income is recognised as the services are provided.

Property outgoings

The costs of repairs are recognised in the profit and loss account in the year in which they are incurred.

Lease payments under operating leases are recognised in the profit and loss account on a straight line basis over the term of the lease.

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 expected tax payable or receivable on the taxable income or loss for the year, using 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. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax.

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. For investment property that is measured at fair value, deferred tax is provided at the rate and allowances applicable to the sale of the property.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

CONERVON PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31 MARCH 2016

2. ACCOUNTING POLICIES *(continued)*

Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost.

Subsequent to initial recognition

- Investment properties whose fair value can be measured reliably without undue cost or effort are held at fair value. Any gains or losses arising from changes in the fair value are recognised in the profit and loss account in the period that they arise; and
- No depreciation is provided in respect of investment properties applying the fair value model.

This treatment, as regards the company's investment properties, may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the financial statements to give a true and fair view. Depreciation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Investment property fair value is based on a valuation by an external, independent valuer, having an appropriate recognised professional qualification and recent experience in the location and class of property being valued. Any gain or loss arising from a change in fair value is recognised in the profit and loss account.

Disposals of properties

The company generally holds its properties for the long term in order to generate rental income and capital appreciation although in the right circumstances any property could be available for sale. When an outright sale does occur the resulting surplus based on the excess of sales proceeds over valuation is included within the company's profit on ordinary activities, and taxation applicable thereto is shown as part of the taxation charge. Disposals are recognised on the date the significant risks and rewards of ownership have been transferred. In addition the company also 'sells' leasehold extensions when requested by leaseholders. The proceeds of these leasehold extension sales, less directly applicable costs, are also included in profit on disposal of investment properties.

CONERVON PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31 MARCH 2016

2. ACCOUNTING POLICIES *(continued)*

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all its financial liabilities.

Basic financial instruments

Trade and other debtors

Trade and other debtors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate for a similar debt instrument.

Trade and other creditors

Trade and other creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate for a similar debt instrument.

Income and expenses

Interest receivable and Interest payable:

Interest income and interest payable are recognised in the profit and loss account as they accrue, using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or redevelopment of an asset that takes a substantial time to be prepared for use are expensed as incurred.

Interest receivable and similar income include interest receivable on intercompany loans and late payment charges.

3. TURNOVER

Turnover arises from:

	2016	2015
	£	£
Rent receivable	<u>151</u>	<u>152</u>

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

4. PARTICULARS OF EMPLOYEES

No salaries or wages have been paid to employees including the directors during the year (2015: £Nil).

CONERVON PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31 MARCH 2016

5. INTEREST PAYABLE

	2016	2015
	£	£
Interest on banks loans and overdrafts	<u>501</u>	<u>563</u>

6. TAXATION ON ORDINARY ACTIVITIES

Major components of tax (income)/expense

	2016	2015
	£	£
Deferred tax:		
Origination and reversal of timing differences	8,952	15,000
Impact of change in tax rate	<u>(25,500)</u>	<u>—</u>
Total deferred tax	<u>(16,548)</u>	<u>15,000</u>
Taxation on ordinary activities	<u>(16,548)</u>	<u>15,000</u>

All tax is recognised in the profit and loss account.

Reconciliation of tax (income)/expense

The tax assessed on the profit on ordinary activities for the year is lower than (2015: higher than) the standard rate of corporation tax in the UK of 20% (2015: 21%).

	2016	2015
	£	£
Profit on ordinary activities before taxation	<u>35,426</u>	<u>56,152</u>
Profit on ordinary activities by rate of tax	7,085	11,792
Effect of expenses not deductible for tax purposes	180	391
Current year losses carried forward	2,935	3,997
Impact of change in tax rate	<u>(25,500)</u>	<u>—</u>
Timing differences on unrealised gains	<u>(1,248)</u>	<u>(750)</u>
Land remediation relief	—	(430)
Tax on profit on ordinary activities	<u>(16,548)</u>	<u>15,000</u>

Factors that may affect future tax income

A reduction in the UK corporation tax rate to 19% (effective from 1 April 2017) was substantively enacted on 18 November 2015. A further reduction in the UK corporation tax rate to 17% (effective from 1 April 2020) was substantively enacted on 15 September 2016. This will reduce the Company's future tax charge accordingly.

CONERVON PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31 MARCH 2016

7. INVESTMENT PROPERTIES

	Freehold property £
Fair value	
At 1 April 2015	1,277,625
Revaluations	51,000
At 31 March 2016	<u><u>1,328,625</u></u>
Carrying amount	
At 31 March 2016	<u><u>1,328,625</u></u>
At 31 March 2015	<u><u>1,277,625</u></u>

Investment properties held at valuation

An independent professional revaluation of the Company's properties was carried out at 31 March 2016 by Colliers International Property Advisers UK LLP, RICS Registered Valuers. The revaluation figures are based on open market value assessed in accordance with the RICS Valuation - Professional Standards (2015).

Valuation techniques and key inputs

The company's residential apartments and houses (£1.328m) were valued using a sales valuation approach, derived from recent comparable transactions in the market, adjusted by applying discounts to reflect status of occupation and condition. The largest discounts were applied to those properties subject to registered tenancies, reflecting the relative difference in security of tenure, whilst the smallest discounts were applied to those properties subject to assured shorthold tenancies. Sales value assumptions were in the range £553 to £765 per square foot.

Historical cost model

The historical cost of investment properties at 31 March 2016 is £2,568 (2015: £2,568).

8. DEBTORS

	2016 £	2015 £
Trade debtors	76	76
Other debtors	<u>117,101</u>	<u>111,524</u>
	<u><u>117,177</u></u>	<u><u>111,600</u></u>

All debtors are payable within one year or are payable on demand.

Other debtors include £109,450 (2015: £109,450) due from the estate of a former director and the estate of his widow. The amounts are interest-free sterling loans repayable on demand.

CONERVON PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31 MARCH 2016

9. CREDITORS: amounts falling due within one year

	2016	2015
	£	£
Trade creditors	211	219
Other creditors	298,668	278,009
	<u>298,879</u>	<u>278,228</u>

Other creditors include a management balance of £199,472 (2015: £179,563) and accrued interest of £95,300 (2015: £95,300) due to Highdorn Co. Limited (see note 16). These are interest-free sterling amounts repayable on demand.

10. DEFERRED TAX

The deferred tax included in the balance sheet is as follows:

	2016	2015
	£	£
Included in provisions (note 11)	<u>238,452</u>	<u>255,000</u>

11. PROVISIONS

	Deferred tax (note 10) £
At 1 April 2015	255,000
Movements in year	(16,548)
At 31 March 2016	<u>238,452</u>

12. CALLED UP SHARE CAPITAL

Issued, called up and fully paid

	2016		2015	
	No.	£	No.	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

13. CAPITAL AND RESERVES

Called-up share capital represents the nominal value of shares that have been issued.

Profit and loss account includes all current and prior period retained profits and losses.

CONERVON PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31 MARCH 2016

14. COMMITMENTS UNDER OPERATING LEASES

As lessor

The total future minimum lease payments receivable under non-cancellable operating leases are as follows:

	2016	2015
	£	£
Not later than 1 year	150	150
Later than 1 year and not later than 5 years	600	600
Later than 5 years	13,526	13,677
	<u>14,276</u>	<u>14,427</u>

15. CHARGES ON ASSETS AND GUARANTEES

The Company has charged one of its investment properties with a market value of £2,625 (2015: £2,625) as part security for bank overdraft facilities made available to the Company, which at 31 March 2016 amounted to £nil (2015: £nil).

16. DIRECTORS' INTEREST IN CONTRACTS

The majority of the day-to-day management of the company's properties and its operations is carried out by Freshwater Property Management Limited and Highdorn Co. Limited. Mr BSE Freshwater is a director of, but has no beneficial interest in the share capital of, either of these companies.

Mr BSE Freshwater and Mr D Davis are also Governors of the parent undertaking of Freshwater Property Management Limited, but have no beneficial interest in that company.

During the year £16, including VAT, was payable to Freshwater Property Management Limited (2015: £16) and £900, including VAT, was payable to Highdorn Co. Limited (2015: £900) for these services which were charged for at normal commercial rates.

The amount owing to Freshwater Property Management Limited for these services at 31 March 2016 is £nil (2015: £nil) and in the case of Highdorn Co. Limited it is £900 (2015: £nil).

17. CONTROLLING PARTY

The company is controlled by the estate of the mother of Mr B S E Freshwater.

CONERVON PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31 MARCH 2016

18. ACCOUNTING ESTIMATES AND JUDGEMENTS

i. Property valuations

The valuation of the company's properties is inherently subjective, depending on many factors, including the individual nature of each property, its location and expected future net rental values, market yields and comparable market transactions (as set out in Note 7). Therefore the valuations are subject to a degree of uncertainty and are made on the basis of assumptions which may not prove to be accurate, particularly in periods of difficult market or economic conditions. As noted in Note 2 above, all the company's properties are valued by external valuers with appropriate qualifications and experience.

ii. Trade debtors

Management uses details of the age of trade debtors and the status of any disputes together with external evidence of the credit status of the counterparty in making judgements concerning any need to impair the carrying values.