

Company Registration No. 01847008 (England and Wales)

REDWOOD PROPERTY & TRADING CO LIMITED

UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

PAGES FOR FILING WITH REGISTRAR

REDWOOD PROPERTY & TRADING CO LIMITED

COMPANY INFORMATION

Directors	Mr S E Stubbs Mr T D W Glass
Secretary	P Fitzgerald
Company number	01847008
Registered office	5 Redwood Mews Hannington Road Clapham London SW4 0LJ
Accountants	Roger Lugg & Co 12-14 High Street Caterham Surrey CR3 5UA
Business address	5 Redwood Mews Hannington Road Clapham London SW4 0LJ

REDWOOD PROPERTY & TRADING CO LIMITED

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REDWOOD PROPERTY & TRADING CO LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	Notes	2017 £	2016 £
Fixed assets			
Property, plant and equipment	5	907	1,209
Investment properties	6	8,225,860	7,580,657
Investments	7	9,482	9,482
		<u>8,236,249</u>	<u>7,591,348</u>
Current assets			
Inventories		183,061	183,061
Trade and other receivables	9	4,150,303	4,686,408
Cash and cash equivalents		632,309	1,210,564
		<u>4,965,673</u>	<u>6,080,033</u>
Current liabilities	10	<u>(449,440)</u>	<u>(418,342)</u>
Net current assets		<u>4,516,233</u>	<u>5,661,691</u>
Total assets less current liabilities		<u>12,752,482</u>	<u>13,253,039</u>
Non-current liabilities	11	(3,024,748)	(3,216,415)
Provisions for liabilities		<u>(901,785)</u>	<u>(1,060,982)</u>
Net assets		<u><u>8,825,949</u></u>	<u><u>8,975,642</u></u>
Equity			
Called up share capital	12	330	330
Share premium account		3,270	3,270
Undistributable reserve		4,402,104	4,242,993
Retained earnings		4,420,245	4,729,049
Total equity		<u><u>8,825,949</u></u>	<u><u>8,975,642</u></u>

REDWOOD PROPERTY & TRADING CO LIMITED

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 JUNE 2017

The directors of the company have elected not to include a copy of the income statement within the financial statements.

For the financial year ended 30 June 2017 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 20 February 2018 and are signed on its behalf by:

Mr T D W Glass
Director

Company Registration No. 01847008

REDWOOD PROPERTY & TRADING CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

1 Accounting policies

Company information

Redwood Property & Trading Co Limited is a private company limited by shares incorporated in England and Wales. The registered office is 5 Redwood Mews, Hannington Road, Clapham, London, SW4 0LJ.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

These financial statements for the year ended 30 June 2017 are the first financial statements of Redwood Property & Trading Co Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 July 2015. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 13.

The company has taken advantage of the exemption under section 399 of the Companies Act 2006 not to prepare consolidated accounts, on the basis that the group of which this is the parent qualifies as a small group. The financial statements present information about the company as an individual entity and not about its group.

1.2 Revenue

Revenue is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

1.3 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Tangible fixed assets include investment properties professionally valued by the directors on an existing use open market value basis. Other tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings & equipment	20% straight line
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

REDWOOD PROPERTY & TRADING CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

1 Accounting policies

(Continued)

1.4 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in the income statement.

Where fair value cannot be achieved without undue cost or effort, investment property is accounted for as property, plant and equipment.

1.5 Non-current investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.6 Impairment of non-current assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

REDWOOD PROPERTY & TRADING CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

1 Accounting policies

(Continued)

1.7 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of inventories over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

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 company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

REDWOOD PROPERTY & TRADING CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

1 Accounting policies

(Continued)

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Derivatives

The company enters into interest rate swap contracts in order to manage its exposure to interest rate risk.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 5 (2016 - 5).

REDWOOD PROPERTY & TRADING CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

3 Taxation

	2017 £	2016 £
Current tax		
UK corporation tax on profits for the current period	-	198,767
Adjustments in respect of prior periods	(1)	-
	<u>(1)</u>	<u>198,767</u>
Deferred tax		
Origination and reversal of timing differences	(159,197)	90,856
	<u>(159,197)</u>	<u>90,856</u>
Total tax (credit)/charge	<u>(159,198)</u>	<u>289,623</u>

4 Dividends

	2017 £	2016 £
Interim paid	234,400	270,400
	<u>234,400</u>	<u>270,400</u>

5 Property, plant and equipment

	Plant and machinery etc £
Cost	
At 1 July 2016 and 30 June 2017	7,241
Depreciation and impairment	
At 1 July 2016	6,032
Depreciation charged in the year	302
	<u>6,334</u>
At 30 June 2017	<u>6,334</u>
Carrying amount	
At 30 June 2017	907
	<u>907</u>
At 30 June 2016	<u>1,209</u>

REDWOOD PROPERTY & TRADING CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

6 Investment property

	2017 £
Fair value	
At 1 July 2016	7,580,657
Additions	645,203
	<u>8,225,860</u>
At 30 June 2017	<u>8,225,860</u>

Investment property comprises a portfolio of London property earning rentals. The fair value of the investment property has been assessed by the directors on an open market value basis by reference to market evidence of transaction prices for similar properties.

7 Fixed asset investments

	2017 £	2016 £
Investments in subsidiaries	9,482	9,482
	<u>9,482</u>	<u>9,482</u>

8 Financial instruments

	2017 £	2016 £
Carrying amount of financial liabilities		
Measured at fair value through profit or loss		
- Interest rate swaps	1,600	25,800
	<u>1,600</u>	<u>25,800</u>

9 Trade and other receivables

	2017 £	2016 £
Amounts falling due within one year:		
Amounts owed by group undertakings	4,145,938	4,682,725
Other receivables	4,365	3,683
	<u>4,150,303</u>	<u>4,686,408</u>

REDWOOD PROPERTY & TRADING CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

10 Current liabilities

	2017 £	2016 £
Bank loans and overdrafts	152,929	145,031
Trade payables	1,414	-
Corporation tax	-	104,767
Other taxation and social security	11,117	7,065
Other payables	283,980	161,479
	<u>449,440</u>	<u>418,342</u>

11 Non-current liabilities

	2017 £	2016 £
Bank loans and overdrafts	2,969,746	3,126,901
Other payables	55,002	89,514
	<u>3,024,748</u>	<u>3,216,415</u>

The long-term loans are secured by fixed charges over the various properties to which the borrowings relate as registered at Companies House.

Amounts included above which fall due after five years are as follows:

Payable by instalments	2,358,030	2,546,777
Payable other than by instalments	29,649	29,649
	<u>2,387,679</u>	<u>2,576,426</u>

12 Called up share capital

	2017 £	2016 £
Ordinary share capital		
Issued and fully paid		
150 Ordinary A shares of £1 each	150	150
150 Ordinary B shares of £1 each	150	150
30 Ordinary C shares of £1 each	30	30
	<u>330</u>	<u>330</u>

REDWOOD PROPERTY & TRADING CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

13 Reconciliations on adoption of FRS 102

Reconciliations and descriptions of the effect of the transition to FRS 102 on: (i) equity at the date of transition to FRS 102; (ii) equity at the end of the comparative period; and (iii) profit or loss for the comparative period reported under previous UK GAAP are given below.

Reconciliation of equity

	Notes	1 July 2015 £	30 June 2016 £
Equity as reported under previous UK GAAP		8,975,557	10,062,189
Adjustments arising from transition to FRS 102:			
Revaluation of investment property	1	(970,135)	(1,060,747)
Derivatives held at fair value	2	(13,400)	(25,800)
Equity reported under FRS 102		<u>7,992,022</u>	<u>8,975,642</u>

Reconciliation of (loss)/profit for the financial period

	Notes	2016 £
Loss as reported under previous UK GAAP		(110,067)
Adjustments arising from transition to FRS 102:		
Revaluation of investment property	1	1,376,485
Derivatives held at fair value	2	(12,400)
Profit reported under FRS 102		<u>1,254,018</u>

Notes to reconciliations on adoption of FRS 102

1. Investment property

Per FRS 102 adjustments to the fair value of investment properties must be made through the profit and loss account whereas under old UK GAAP these movements were made via a revaluation reserve. The revaluation reserve at the transition date of 1 July 2015 held a surplus of £4,850,675 which has been added to the accumulated profit and loss reserve. Since this element is unrealised, it is not part of the distributable funds of the company and as such as been shown in a separate reserve named 'undistributable reserve'.

It is also necessary to provide for deferred tax on the fair value gain. This provision reduces the profit and loss account but again has been shown in the undistributable reserve since it is a charge on unrealised gains.

2. Derivative financial instruments

Under old UK GAAP, derivatives were not required to be included on the balance sheet. FRS 102 requires derivative financial assets/liabilities to be recorded at the fair value at each reporting end date with the change in fair value reported through the profit and loss account. At the transition date of 1 July 2015 this had the effect of reducing the profit and loss reserve by £13,400 for the inclusion of a financial liability on the balance sheet.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.