

REGISTERED NUMBER: 00874338 (England and Wales)

REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016
FOR
DEACON COMMERCIAL DEVELOPMENT AND
FINANCE LIMITED

THURSDAY



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**DEACON COMMERCIAL DEVELOPMENT AND
FINANCE LIMITED (REGISTERED NUMBER: 00874338)**

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for the Year Ended 31 December 2016**

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**DEACON COMMERCIAL DEVELOPMENT AND
FINANCE LIMITED**

**COMPANY INFORMATION
for the Year Ended 31 December 2016**

DIRECTORS:

A L Dalwood
K J Acton

SECRETARY:

G Cresswell

REGISTERED OFFICE:

5 New Street Square
London
EC4A 3TW

REGISTERED NUMBER:

00874338 (England and Wales)

AUDITORS:

BDO LLP
55 Baker Street
London
W1U 7EU

**DEACON COMMERCIAL DEVELOPMENT AND
FINANCE LIMITED (REGISTERED NUMBER: 00874338)**

**REPORT OF THE DIRECTORS
for the Year Ended 31 December 2016**

The directors present their report with the financial statements of the company for the year ended 31 December 2016.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of property investment.

SMALL COMPANIES' EXEMPTION

In preparing the Report of the Directors advantage has been taken of the small companies' exemption provided by section 414B of the Companies Act 2006 and of the exemption of preparing a strategic report.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2016.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

A L Dalwood has held office during the whole of the period from 1 January 2016 to the date of this report.

Other changes in directors holding office are as follows:

D J L Abbot - resigned 24 June 2016

M C Phillips - resigned 31 December 2016

K J Acton - appointed 24 June 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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 accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

**DEACON COMMERCIAL DEVELOPMENT AND
FINANCE LIMITED (REGISTERED NUMBER: 00874338)**

**REPORT OF THE DIRECTORS
for the Year Ended 31 December 2016**

AUDITORS

The auditors, BDO LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



G Cresswell - Secretary

27 June 2017

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
DEACON COMMERCIAL DEVELOPMENT AND
FINANCE LIMITED

We have audited the financial statements of Deacon Commercial Development and Finance Limited for the year ended 31 December 2016 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page two, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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.

BDO LLP

Michelle Carroll (Senior statutory auditor)
for and on behalf of BDO LLP, statutory auditor
London
United Kingdom

Date: 27 June 2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

**DEACON COMMERCIAL DEVELOPMENT AND
FINANCE LIMITED (REGISTERED NUMBER: 00874338)**

**STATEMENT OF COMPREHENSIVE INCOME
for the Year Ended 31 December 2016**

	Notes	2016 £	2015 £
TURNOVER		16,800	8,000
Administrative expenses		51,698	47,163
Provision / (reversal of provision) against intercompany balances		<u>713,289</u>	<u>(745,276)</u>
OPERATING (LOSS)/PROFIT		(748,187)	706,113
Profit on disposal of investment property		-	103,788
Reversal of historic group relief creditor		<u>-</u>	<u>233,938</u>
		(748,187)	1,043,839
Interest receivable and similar income	4	<u>-</u>	<u>452</u>
		(748,187)	1,044,291
Movement in fair value of deferred receivable	9	<u>201,505</u>	<u>-</u>
(LOSS)/PROFIT BEFORE TAXATION	5	(546,682)	1,044,291
Tax on (loss)/profit	6	<u>-</u>	<u>-</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(546,682)	1,044,291
OTHER COMPREHENSIVE INCOME			
Item that will or may be reclassified subsequently to profit or loss:			
Revaluation of investment property		<u>(16,780)</u>	<u>(285,500)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(563,462)</u>	<u>758,791</u>

The notes form part of these financial statements

**DEACON COMMERCIAL DEVELOPMENT AND
FINANCE LIMITED (REGISTERED NUMBER: 00874338)**

STATEMENT OF FINANCIAL POSITION
31 December 2016

	Notes	2016 £	2015 £
FIXED ASSETS			
Investments in subsidiaries	7	102	102
Investment property	8	-	2,250,000
Non-current assets held for sale			
- investment property	8	2,250,000	-
Deferred receivables	9	<u>4,048,331</u>	<u>5,915,501</u>
		6,298,433	8,165,603
CURRENT ASSETS			
Debtors: amounts falling due within one year	9	1,272,452	849,200
Cash at bank		<u>8,583</u>	<u>712,578</u>
		1,281,035	1,561,778
CREDITORS			
Amounts falling due within one year	10	<u>6,536,323</u>	<u>8,120,774</u>
NET CURRENT LIABILITIES		<u>(5,255,288)</u>	<u>(6,558,996)</u>
NET ASSETS		<u>1,043,145</u>	<u>1,606,607</u>
CAPITAL AND RESERVES			
Called up share capital	11	250,000	250,000
Revaluation reserve	12	(1,144,345)	(1,127,565)
Retained earnings	12	<u>1,937,490</u>	<u>2,484,172</u>
TOTAL EQUITY		<u>1,043,145</u>	<u>1,606,607</u>

The financial statements were approved and authorised for issue by the Board of Directors on 27 June 2017 and were signed on its behalf by:



K. Acton - Director

The notes form part of these financial statements

**DEACON COMMERCIAL DEVELOPMENT AND
FINANCE LIMITED (REGISTERED NUMBER: 00874338)**

**STATEMENT OF CHANGES IN EQUITY
for the Year Ended 31 December 2016**

	Called up share capital £	Retained earnings £	Revaluation reserve £	Total equity £
Balance at 1 January 2015	250,000	1,439,881	(842,065)	847,816
Changes in equity				
Total comprehensive income	-	1,044,291	(285,500)	758,791
Balance at 31 December 2015	250,000	2,484,172	(1,127,565)	1,606,607
Changes in equity				
Total comprehensive income	-	(546,682)	(16,780)	(563,462)
Balance at 31 December 2016	250,000	1,937,490	(1,144,345)	1,043,145

The notes form part of these financial statements

**DEACON COMMERCIAL DEVELOPMENT AND
FINANCE LIMITED (REGISTERED NUMBER: 00874338)**

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2016**

1. STATUTORY INFORMATION

Deacon Commercial Development and Finance Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1; and
 - paragraphs 76 and 79(d) of IAS 40 Investment Property;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group;
- the requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets.

Assets held for sale - investment property

Non-current assets held for sale are measured at the lower of carrying amount and fair value less costs to sell (except where the exemptions of paragraph 5 of IFRS 5 apply) and are classified as such if their carrying amount will be recovered through a sale transaction rather than through continuing use. Investment property that is held for sale is measured at fair value in accordance with paragraph 5 of IFRS 5.

This is the case when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and the sale is considered to be highly probable. A sale is considered to be highly probable if the appropriate level of management is committed to a plan to sell the asset and a further active programme to locate a buyer and complete the plan has been initiated. Further, the asset has to be marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale is expected to qualify for recognition as a completed sale within one year from the date that it is classified as held for sale.

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

Investments in subsidiaries

Investments in subsidiaries stated as fixed assets are stated at cost less provision for any impairments.

**DEACON COMMERCIAL DEVELOPMENT AND
FINANCE LIMITED (REGISTERED NUMBER: 00874338)**

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2016**

2. ACCOUNTING POLICIES - continued

Going concern

The financial statements include an amount of £125,859 due from group undertakings within one year and an amount of £6,525,297 due to group undertakings also within one year. The ability of these group undertakings to repay their debts in full is dependent on sufficient of the group undertakings realising their assets at a value at least equal to their current market value and on amounts due by them to other group companies not being called for repayment in the foreseeable future. The financial statements are prepared on the going concern basis which assumes that the amounts due to group undertakings will not be called for repayment before the debts due to the company are repaid, and that the group will otherwise continue to provide financial support to the company to enable it to settle its external liabilities as they fall due.

The ability of these group undertakings to provide support is, in turn, dependent upon the group undertakings themselves retaining the support of the group, and on amounts due to them by other group undertakings not being called for repayment.

The directors of the company believe that other group undertakings will continue to provide financial support for the foreseeable future.

The financial statements do not include any adjustment that would result from the failure to collect the debt due from group undertakings or the failure of other group undertakings to continue to provide support. These matters above represent a material uncertainty related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern and therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. After making enquiries, and having due regard to the above, the directors believe that the group undertakings have access to sufficient working capital for the foreseeable future to continue to allow it to meet its external liabilities as they fall due and consequently they believe it is appropriate to prepare the financial statements on a going concern basis.

Deferred receivables

Deferred receivables are recognised at the discounted value of those receipts.

3. EMPLOYEES AND DIRECTORS

There were no staff costs for the year ended 31 December 2016 nor for the year ended 31 December 2015.

The average monthly number of employees during the year was as follows:

	2016	2015
Directors	<u>3</u>	<u>3</u>

Directors' salaries are paid by a fellow group undertaking. The directors were the only employees of the company during the year.

	2016	2015
	£	£
Directors' remuneration	<u>-</u>	<u>-</u>

**DEACON COMMERCIAL DEVELOPMENT AND
FINANCE LIMITED (REGISTERED NUMBER: 00874338)**

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2016**

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2016 £	2015 £
Bank interest	<u>-</u>	<u>452</u>

5. (LOSS)/PROFIT BEFORE TAXATION

The loss before taxation (2015 - profit before taxation) is stated after charging:

	2016 £	2015 £
Auditor's remuneration	10,000	7,000
Reversal of historic group relief creditor *	<u>-</u>	<u>233,938</u>

* The Company has claimed historically group tax relief from Watlington Investments Ltd ("WIL").

A creditor was set up to recognise a liability to pay for that tax relief. No payment to WIL was made or demanded and, accordingly, the provision has been released and credited back to the Statement of Comprehensive Income

6. TAXATION

Analysis of tax expense

No liability to UK corporation tax arose for the year ended 31 December 2016 nor for the year ended 31 December 2015.

Factors affecting the tax expense

The tax assessed for the year is higher (2015 - lower) than the standard rate of corporation tax in the UK. The difference is explained below:

	2016 £	2015 £
(Loss)/profit before income tax	<u>(546,682)</u>	<u>1,044,291</u>
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	(109,336)	211,469
Effects of:		
Permanent differences	102,357	(150,918)
Reversal of historic Group Relief creditor	-	(47,372)
Deferred tax not previously recognised	-	(13,179)
Group relief surrendered	<u>6,979</u>	<u>-</u>
Tax expense	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

At 31 December 2016 the company had capital losses and other taxation losses carried forward amounting to approximately £796,000 (2015: £796,000) and £170,000 (2015: £131,000) respectively. The losses create a potential deferred tax asset at 31 December 2016 of approximately £135,000 (2015: £159,000) and £29,000 (2015: £26,000) respectively. The recoverability of this asset is uncertain therefore no deferred tax asset has been recognised in the current year.

**DEACON COMMERCIAL DEVELOPMENT AND
FINANCE LIMITED (REGISTERED NUMBER: 00874338)**

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2016**

7. INVESTMENTS IN SUBSIDIARIES

	£
COST	
At 1 January 2016	
and 31 December 2016	<u>102</u>
NET BOOK VALUE	
At 31 December 2016	<u>102</u>
At 31 December 2015	<u>102</u>

The company's investments at the balance sheet date in the share capital of companies include the following:

	Nature of Business	Country of incorporation and registered office	Type of Share	Percentage held
Newton Estate Limited	Property investment	5 New Street Square, London, EC4A 3TW, England	Ordinary	100%
Wolden Estates Limited	Property investment	5 New Street Square, London, EC4A 3TW, England	Ordinary	100%

8. NON-CURRENT ASSETS HELD FOR SALE - INVESTMENT PROPERTY

	Total £
FAIR VALUE	
At 1 January 2016	2,250,000
Additions	16,780
Revaluations	<u>(16,780)</u>
At 31 December 2016	<u>2,250,000</u>
NET BOOK VALUE	
At 31 December 2016	<u>2,250,000</u>
At 31 December 2015	<u>2,250,000</u>

The freehold property is shown at valuation and any surplus or deficit arising on valuation of property is taken to revaluation reserve without provision for corporation tax which, on disposal at the balance sheet date, is estimated to be approximately £nil (2015: £nil), due to the availability of capital losses. For the purposes of IAS40 the property is regarded by the directors as an investment property.

The property was valued by Jones Lang LaSalle, Chartered Surveyors, as at 31 December 2016 at £2,250,000. This external valuation was carried out on the basis of Market Value in accordance with the latest edition of the Valuation Standards published by the Royal Institution of Chartered Surveyors.

The historical cost of the property at 31 December 2016 is £1,669,781 (2015: £1,653,000).

There is a first charge on the investment property against a bank loan held by a fellow group undertaking.

The directors have reviewed the assumptions underlying the valuation of investment properties and consider them to be appropriate.

**DEACON COMMERCIAL DEVELOPMENT AND
FINANCE LIMITED (REGISTERED NUMBER: 00874338)**

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2016

9. DEBTORS

	2016	2015
	£	£
Amounts falling due within one year:		
Trade debtors	5,460	-
Amounts owed by group undertakings	125,859	848,926
Deferred receivable	1,131,424	-
VAT	9,709	-
Prepayments	-	274
	<u>1,272,452</u>	<u>849,200</u>

On 22 September 2015, the sale of 25.8 acres of the site at Newton-le-Willows to Persimmon Homes Limited ("Persimmon") was completed. An initial payment of £944,610 was received with a further payment of £937,252 received during the year and the balance of the consideration, at fair value, will be received in three tranches as follows:

On 22 March 2017 – included within current assets	1,131,424
On 22 March 2018	2,019,469
On 22 March 2019	<u>2,028,862</u>
	<u>5,179,755</u>

The total cash value of the deferred receivable is £5,367,639, though this has been designated at fair value through the statement of comprehensive income, resulting in a credit of £201,505 for the year.

The discount rate applied was 2.49% (2015: 2.77%) being the average rate of borrowing on Persimmon's debt facilities.

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£	£
Trade creditors	26	45,626
Amounts owed to group undertakings	6,525,297	7,457,975
VAT	-	609,173
Accrued expenses	11,000	8,000
	<u>6,536,323</u>	<u>8,120,774</u>

11. SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2016	2015
			£	£
2,500,000	Ordinary	10p	<u>250,000</u>	<u>250,000</u>

**DEACON COMMERCIAL DEVELOPMENT AND
FINANCE LIMITED (REGISTERED NUMBER: 00874338)**

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2016

12. RESERVES

	Retained earnings £	Revaluation reserve £	Totals £
At 1 January 2016	2,484,172	(1,127,565)	1,356,607
Deficit for the year	(546,682)	-	(546,682)
Revaluation in year	<u>-</u>	<u>(16,780)</u>	<u>(16,780)</u>
At 31 December 2016	<u>1,937,490</u>	<u>(1,144,345)</u>	<u>793,145</u>

13. ULTIMATE PARENT COMPANY

The immediate parent company is Gresham House Finance Limited and the ultimate parent company and controlling party is Gresham House plc, both of which are incorporated in Great Britain and registered in England and Wales.

The accounts of the above companies can be obtained from Companies House, Crown Way, Cardiff.

14. CONTINGENT LIABILITIES

Composite guarantees have been given to the bank in respect of fellow group undertakings with a potential liability of £6,062,748.

15. CAPITAL COMMITMENTS

Capital expenditure contracted for but not provided for in the financial statements was £54,026.

16. RELATED PARTY DISCLOSURES

The company, as a 100% subsidiary included in consolidated accounts, has taken advantage of the exemption conferred by IAS24 "Related Party Disclosures" and does not disclose details of transactions with other wholly owned group companies.

The following balances were held with other group companies at the year end:

Debtor balances	2016 £	2015 £
New Capital Developments Limited	<u>-</u>	<u>803,489</u>

The company received net funds of £803,489 from (2015: advanced £428,929 to New Capital Developments Limited).

17. EVENTS AFTER THE REPORTING PERIOD

Since the year end, £1,634,000 of deferred proceeds from the sale of the Newton-le-Willows site has been received.

£1,154,000 of the deferred proceeds is in line with the agreed repayment schedule and an additional £480,000 is an early repayment, which was triggered by the purchaser selling properties at the Newton-le-Willows site earlier than anticipated.