

Company Registration No. 02120779 (England and Wales)

**CHESTNUT PROPERTY DEVELOPMENT COMPANY (PRESTON) LIMITED**

**UNAUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 MARCH 2020**

**PAGES FOR FILING WITH REGISTRAR**

# CHESTNUT PROPERTY DEVELOPMENT COMPANY (PRESTON) LIMITED

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# CHESTNUT PROPERTY DEVELOPMENT COMPANY (PRESTON) LIMITED

## BALANCE SHEET

AS AT 30 MARCH 2020

		2020		2019 as restated	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	4		1,686		2,007
Investment properties	5		7,525,000		7,525,000
			<u>7,526,686</u>		<u>7,527,007</u>
<b>Current assets</b>					
Debtors	6	585,660		760,833	
<b>Creditors: amounts falling due within one year</b>	7	(2,096,602)		(1,661,482)	
<b>Net current liabilities</b>			<u>(1,510,942)</u>		<u>(900,649)</u>
<b>Total assets less current liabilities</b>			6,015,744		6,626,358
<b>Creditors: amounts falling due after more than one year</b>	8		(2,598,044)		(3,325,912)
<b>Provisions for liabilities</b>			<u>(509,802)</u>		<u>(509,802)</u>
<b>Net assets</b>			<u>2,907,898</u>		<u>2,790,644</u>
<b>Capital and reserves</b>					
Called up share capital	9		100		100
Profit and loss reserves			2,907,798		2,790,544
<b>Total equity</b>			<u>2,907,898</u>		<u>2,790,644</u>

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

For the financial year ended 30 March 2020 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 Companies Act 2006 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.

## CHESTNUT PROPERTY DEVELOPMENT COMPANY (PRESTON) LIMITED

### BALANCE SHEET (CONTINUED)

**AS AT 30 MARCH 2020**

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	2020		2019	
			as restated	
Notes	£	£	£	£

The financial statements were approved by the board of directors and authorised for issue on 9 March 2021 and are signed on its behalf by:

Mrs A Aujla  
**Director**

**Company Registration No. 02120779**

# CHESTNUT PROPERTY DEVELOPMENT COMPANY (PRESTON) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 30 MARCH 2020**

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### **1 Accounting policies**

#### **Company information**

Chestnut Property Development Company (Preston) Limited is a private company limited by shares incorporated in England and Wales. The registered office is United House, Watkin Lane, Lostock Hall, Preston, Lancashire, PR5 5HD.

#### **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. The principal accounting policies adopted are set out below.

#### **1.2 Going concern**

These financial statements are prepared on the going concern basis. Post year end, the company suffered very little interruption of trade as a result of COVID-19. Any impact is therefore not expected to pose a going concern problem. The directors have a reasonable expectation that the company will continue in operational existence for the foreseeable future.

#### **1.3 Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for 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.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

#### **1.4 Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and equipment	15% Reducing Balance
Fixtures and fittings	10% Reducing Balance
Computers	10% Reducing Balance
Motor vehicles	25% Reducing Balance

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.

# CHESTNUT PROPERTY DEVELOPMENT COMPANY (PRESTON) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 MARCH 2020

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### 1 Accounting policies

(Continued)

#### 1.5 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 profit or loss.

#### 1.6 Impairment of fixed 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.

#### 1.7 Cash at bank and in hand

Cash at bank and in hand 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.

#### 1.8 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 balance sheet 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.

# CHESTNUT PROPERTY DEVELOPMENT COMPANY (PRESTON) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 MARCH 2020

### 1 Accounting policies

(Continued)

#### **Basic financial assets**

Basic financial assets, which include debtors 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.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

#### **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 creditors, 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 creditors 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 creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

### 1.9 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.

### 1.10 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 profit and loss account 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.

# CHESTNUT PROPERTY DEVELOPMENT COMPANY (PRESTON) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 MARCH 2020

### 1 Accounting policies

(Continued)

#### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.11 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 fixed 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.

#### **1.12 Retirement benefits**

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

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

There have been no critical judgements, estimates or assumptions made in the preparation of these financial statements.

### 3 Employees

The average monthly number of persons (including directors) employed by the company during the year was 3 (2019 - 2).



# CHESTNUT PROPERTY DEVELOPMENT COMPANY (PRESTON) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 MARCH 2020

### 4 Tangible fixed assets

	Plant and equipment £	Fixtures and fittings £	Computers £	Motor vehicles £	Total £
<b>Cost</b>					
At 31 March 2019 and 30 March 2020	5,301	16,170	1,833	1,100	24,404
<b>Depreciation and impairment</b>					
At 31 March 2019	5,166	15,220	1,667	344	22,397
Depreciation charged in the year	20	95	17	189	321
At 30 March 2020	5,186	15,315	1,684	533	22,718
<b>Carrying amount</b>					
At 30 March 2020	115	855	149	567	1,686
At 30 March 2019	135	950	166	756	2,007

### 5 Investment property

	<b>2020 £</b>
<b>Fair value</b>	
At 31 March 2019 and 30 March 2020	7,525,000

The fair value of the investment properties have been arrived at on the basis of a desktop valuation carried out by Svenska Handelsbanken Bank, who are not connected with the company. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties. The valuation took place in November 2017, the directors believe this valuation was substantial for the fair value adjustment in the year to 31 March 2018 and they believe that there have been no further changes in the valuation since this date.

### 6 Debtors

	<b>2020 £</b>	<b>2019 £</b>
<b>Amounts falling due within one year:</b>		
Trade debtors	4,180	3,160
Other debtors	579,333	755,587
	583,513	758,747
Deferred tax asset	2,147	2,086
	585,660	760,833

# CHESTNUT PROPERTY DEVELOPMENT COMPANY (PRESTON) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 MARCH 2020

### 7 Creditors: amounts falling due within one year

	Notes	2020 £	2019 £
Bank loans and overdrafts		690,112	322,798
Trade creditors		33,428	37,358
Corporation tax		27,382	9,740
Other taxation and social security		439	-
Other creditors		1,297,441	1,253,386
Accruals and deferred income		47,800	38,200
		<u>2,096,602</u>	<u>1,661,482</u>

### 8 Creditors: amounts falling due after more than one year

	Notes	2020 £	2019 £
Bank loans and overdrafts		<u>2,598,044</u>	<u>3,325,912</u>

Svenska Handelsbanken hold various fixed and floating charges dated between December 2008 and July 2016. These charges are secured over the investment properties held by the company disclosed in note 6.

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

Payable other than by instalments	<u>1,742,074</u>	<u>1,925,031</u>
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### 9 Called up share capital

	2020 £	2019 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
8,600 Ordinary A Shares of 1p each	86	86
700 Ordinary B Shares of 1p each	7	7
700 Ordinary C Shares of 1p each	7	7
	<u>100</u>	<u>100</u>

All shares rank pari passu.

### 10 Non-distributable profits reserve

	2020 £	2019 £
At the beginning and end of the year	<u>2,173,365</u>	<u>2,173,365</u>

# CHESTNUT PROPERTY DEVELOPMENT COMPANY (PRESTON) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 MARCH 2020

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#### 11 Related party transactions

AMS Cladding Limited is a company controlled by Mr M Aujla and Mrs A M Aujla. During the year AMS Cladding Limited advanced £85,000 (2019: £55,000) to Chestnut Property Development Company (Preston) Limited of which £85,000 (2019: £55,000) was repaid. AMS Cladding charged the company £12,000 (2019: £nil) for services. As at 30 March 2020, the company owed AMS Cladding Limited £817,746 (2019: £805,746) and the balance is included within other creditors.

Bridge Education and Training Limited is a company controlled by Mrs A M Aujla. During the year Chestnut Property Development Company (Preston) Limited was advanced £32,000 (2019: £11,000) from Bridge Education and Training Limited of which £32,000 (2019: £11,000) was repaid. As at 30 March 2020, the company owed Bridge Education and Training Limited £30,000 (2019: £30,000) and this balance is included within other creditors.

Honeypot Properties is a partnership owned by Mr and Mrs Aujla. During the year Chestnut Property Development Company (Preston) Limited was advanced £4,524 (2019: £nil) by Honeypot Partnership and advanced to Honeypot Properties £nil (£10,500). Honeypot Properties repaid £10,500 (2019: £nil). As at 30 March 2020, the company owed Honeypot Properties £4,523 (2019: £10,500 owed by and included in debtors) and this balance is included within other creditors.

Springhill Developments (Preston) Limited is a company controlled by Mr M Aujla. During the year Springhill Developments (Preston) Limited was advanced £nil (2019: £13,000) from Chestnut Property Development Company (Preston) Limited and repaid £128,823 (2019: £41,000) was repaid. As at 30 March 2020, the company was owed £41,047 (2019: £169,871) by Springhill Developments (Preston) Limited and the balance is included within other debtors.

Muttley LLP is a entity controlled by Mrs A Aujla and Mr M Aujla. During the year Chestnut Property Development Company (Preston) Limited advanced £15,000 (2019: £1,000) to Muttley LLP of which £16,204 (2019: £nil) was repaid. As at 30 March 2020, the company was owed £4,796 (2019: £6,000) by Muttley LLP and this balance is included within other debtors.

Little Oak Properties Ltd is a company controlled by Mrs A Aujla and Mr M Aujla. During the year Chestnut Property Development Company (Preston) Limited advanced £146,083 (2019: £522,444) to Little Oak Properties Ltd of which £11,644 (2019: £126,518) was repaid. As at 30 March 2020, the company was owed £530,365 (2019: £395,926) from Little Oak Properties Ltd and this balance is included within other debtors.

Mr M Aujla and Mrs A M Aujla are trustees and active members of Chestnut Property Development Company (Preston) Limited Executive Pension Scheme. As at 30 March 2020, the company owed £128,245 (2019: £100,243) to the scheme.

The above loans are interest free and there are no fixed repayment terms.

#### 12 Directors' transactions

During the period the company operated a loan account with its director Mrs A Aujla. At the balance sheet date Chestnut Property Development Company (Preston) Ltd owed Mrs A Aujla £285,398 (2019: £285,923). This amount is included within other creditors. During the year the director withdrew £11,025 (2019: £21,931) from the company and advanced £10,500 (2019: £nil).

There are no repayments terms; no interest was charged on the balance owed during the year.

# CHESTNUT PROPERTY DEVELOPMENT COMPANY (PRESTON) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 MARCH 2020

### 13 Prior period adjustment

The financial statements for the year ended 30 March 2019 included a fixed asset investment addition of £180,000 that related to a loan to a third party and should have been included in other debtors. This correction has been reflected in the year ended 30 March 2020 as a prior year adjustment. The loan has subsequently been repaid in full in the year. There was no affect on the profit in the financial statements in respect of the prior year adjustment.

#### Changes to the balance sheet

	At 30 March 2019		
	As previously reported	Adjustment	As restated
	£	£	£
<b>Fixed assets</b>			
Investment properties	7,705,000	(180,000)	7,525,000
<b>Current assets</b>			
Debtors due within one year	580,833	180,000	760,833
Net assets	2,790,644	-	2,790,644
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Capital and reserves</b>			
Total equity	2,790,644	-	2,790,644
	<u>          </u>	<u>          </u>	<u>          </u>

#### Changes to the profit and loss account

	Period ended 30 March 2019		
	As previously reported	Adjustment	As restated
	£	£	£
Profit for the financial period	42,115	-	42,115
	<u>          </u>	<u>          </u>	<u>          </u>

### 14 Control

The ultimate controlling party is the directors by virtue of their equal 100% holding of the voting share capital.

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.