

REGISTERED NUMBER: 02221654 (England and Wales)

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 24 SEPTEMBER 2018  
FOR  
BROOKHOUSE GROUP LIMITED**



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FOR THE YEAR ENDED 24 SEPTEMBER 2018**

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**BROOKHOUSE GROUP LIMITED**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 24 SEPTEMBER 2018**

**DIRECTORS:**

E Hindle  
A J Gardner  
M E Nuttall  
J P Banfi  
H D Broadbent

**SECRETARY:**

P Chape

**REGISTERED OFFICE:**

Prospect House  
168-170 Washway Road  
Sale  
Cheshire  
M33 6RH

**REGISTERED NUMBER:**

02221654 (England and Wales)

**AUDITORS:**

Deloitte LLP  
Statutory Auditor  
Manchester  
United Kingdom  
M60 2AT

**STRATEGIC REPORT  
FOR THE YEAR ENDED 24 SEPTEMBER 2018**

The directors present their strategic report for the year ended 24 September 2018.

**PRINCIPAL ACTIVITY**

The principal activities of the company in the year under review continued to be that of property development, investment, construction and financial services directly and through its investments in subsidiary undertakings. The directors do not expect this to change in the foreseeable future.

**REVIEW OF BUSINESS**

In the year to 24 September 2018 the company recorded a profit for the year of £3,077,000 (2017: £2,104,000).

Net assets of the company increased from £101,603,000 at 24 September 2017 to £104,680,000 at 24 September 2018. This increase is as a result of the profit for the year.

The directors are satisfied with the results of the company and its subsidiary undertakings for the year which are in line with their expectations. They expect the general level of activity to continue to increase in the future.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The ongoing risks associated with the company's activities continue to be the valuation risk associated with the ownership of investment properties and the strength and quality of tenant demand for the properties being developed and held as investments. The company continues to manage these risks through active asset and tenant management initiatives.

**FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The company is not exposed to any significant third party financial risk. Risks relating to the company's transactions with other group company's are considered in the Going Concern section of the Accounting Policies on page 10.

**FUTURE DEVELOPMENTS**

The directors aim to increase the company's asset value by new developments and lettings in its subsidiary companies.

**APPROVED BY THE BOARD AND SIGNED ON ITS BEHALF BY:**



P Chape - Secretary

18 December 2018

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 24 SEPTEMBER 2018**

The directors present their annual report with the audited financial statements of the company for the year ended 24 September 2018. The financial statements have been prepared under FRS 102.

Under section 414C (11) of the Companies Act 2006 the directors have opted to disclose information regarding principal activities, future developments and principal risks and uncertainties of the company in the Strategic Report.

**DIVIDENDS**

The directors paid a dividend of £nil (2017: £nil) during the year.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 25 September 2017 to the date of this report.

E Hindle  
A J Gardner  
M E Nuttall  
J P Banfi  
H D Broadbent

**GOING CONCERN**

After making enquiries, and based on the assumptions outlined in note 1, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis for accounting in preparing the annual financial statements.

**DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the annual report and 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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.

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.

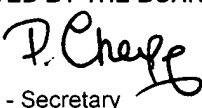
**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR**

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 or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

**AUDITORS**

The company has passed an elective resolution dispensing with the requirement to appoint an auditor annually. Deloitte LLP have expressed their willingness to continue in office as auditor of the company and are therefore deemed to be reappointed for a further term.

**APPROVED BY THE BOARD AND SIGNED ON ITS BEHALF BY:**

  
P Chape - Secretary

18 December 2018

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF BROOKHOUSE GROUP LIMITED**

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

#### **Opinion**

In our opinion the financial statements of Brookhouse Group Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 24 September 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 17.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF BROOKHOUSE GROUP LIMITED**

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

### **Report on other legal and regulatory requirements**

#### **Opinions on other matters 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

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 any material misstatements in the directors' report.

#### **Matters on which we are required to report by exception**

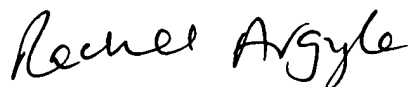
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

We have nothing to report in respect of these matters.

#### **Use of our report**

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.



Rachel Argyle (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Statutory Auditor  
Manchester  
United Kingdom  
M60 2AT

18 December 2018

**BROOKHOUSE GROUP LIMITED (REGISTERED NUMBER: 02221654)**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 24 SEPTEMBER 2018**

|   | Notes | 2018<br>£'000 | 2017<br>£'000 |
|---|-------|---------------|---------------|
| <b>TURNOVER</b>                                 |       | 1,006         | 584           |
| Cost of sales                                   |       | (315)         | -             |
| <b>GROSS PROFIT</b>                             |       | 691           | 584           |
| Administrative expenses                         |       | (108)         | (120)         |
| <b>OPERATING PROFIT</b>                         | 2     | 583           | 464           |
| Profit on sale of investment properties         | 3     | (2)           | 275           |
|   |       | 581           | 739           |
| Income from shares in group undertakings        |       | 1,014         | 1,014         |
| Interest receivable and similar income          | 4     | 678           | 506           |
|   |       | 2,273         | 2,259         |
| Surplus on revaluation of investment properties |       | 842           | 518           |
|   |       | 3,115         | 2,777         |
| Interest payable and similar expenses           | 5     | (312)         | (403)         |
| <b>PROFIT BEFORE TAXATION</b>                   |       | 2,803         | 2,374         |
| Tax on profit                                   | 6     | 274           | (270)         |
| <b>PROFIT FOR THE FINANCIAL YEAR</b>            |       | 3,077         | 2,104         |
| <b>OTHER COMPREHENSIVE INCOME</b>               |       | -             | -             |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>  |       | 3,077         | 2,104         |

The notes on pages 9 to 19 form part of these financial statements



**BALANCE SHEET**  
**24 SEPTEMBER 2018**

|  | Notes | 2018<br>£'000  | 2017<br>£'000  |
|--|-------|----------------|----------------|
| <b>FIXED ASSETS</b>                          |       |                |                |
| Tangible assets                              | 7     | -              | -              |
| Investments                                  | 8     | 48,098         | 48,098         |
| Investment property                          | 9     | 19,615         | 18,455         |
|  |       | <u>67,713</u>  | <u>66,553</u>  |
| <b>CURRENT ASSETS</b>                        |       |                |                |
| Stocks                                       | 10    | 383            | 698            |
| Debtors                                      | 11    | 42,267         | 42,308         |
| Cash at bank                                 |       | 5,193          | 2,593          |
|  |       | <u>47,843</u>  | <u>45,599</u>  |
| <b>CREDITORS</b>                             |       |                |                |
| Amounts falling due within one year          | 12    | (10,424)       | (10,314)       |
| <b>NET CURRENT ASSETS</b>                    |       | <u>37,419</u>  | <u>35,285</u>  |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> |       | 105,132        | 101,838        |
| <b>PROVISIONS FOR LIABILITIES</b>            | 13    | (452)          | (235)          |
| <b>NET ASSETS</b>                            |       | <u>104,680</u> | <u>101,603</u> |
| <b>CAPITAL AND RESERVES</b>                  |       |                |                |
| Called up share capital                      | 14    | -              | -              |
| Share premium                                | 15    | 10,233         | 10,233         |
| Retained earnings                            | 15    | 94,447         | 91,370         |
| <b>SHAREHOLDERS' FUNDS</b>                   |       | <u>104,680</u> | <u>101,603</u> |

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved and authorised for issue by the Board of Directors on 18 December 2018 and were signed on its behalf by:



A J Gardner - Director

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 24 SEPTEMBER 2018

|                                     | Called up<br>share<br>capital<br>£'000 | Retained<br>earnings<br>£'000 | Share<br>premium<br>£'000 | Total<br>equity<br>£'000 |
|-------------------------------------|--|-------------------------------|---------------------------|--------------------------|
| <b>Balance at 25 September 2016</b> | -                                      | 89,266                        | 10,233                    | 99,499                   |
| <b>Changes in equity</b>            |  |                               |                           |                          |
| Total comprehensive income          | -                                      | 2,104                         | -                         | 2,104                    |
| <b>Balance at 24 September 2017</b> | -                                      | 91,370                        | 10,233                    | 101,603                  |
| <b>Changes in equity</b>            |  |                               |                           |                          |
| Total comprehensive income          | -                                      | 3,077                         | -                         | 3,077                    |
| <b>Balance at 24 September 2018</b> | -                                      | 94,447                        | 10,233                    | 104,680                  |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 24 SEPTEMBER 2018**

**1. ACCOUNTING POLICIES**

**General information and basis of accounting**

Brookhouse Group Limited is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the report of the directors on pages 2 and 3.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The company is a private company limited by shares and is registered in England and Wales.

The functional currency of the company is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates. The financial statements are presented in pounds sterling.

Brookhouse Group Limited meets the definition of a qualifying entity under FRS 102 and has taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Brookhouse Group Limited's balance sheet is consolidated in the financial statements of its parent, Brookhouse Properties Limited, which may be obtained from Prospect House, 168-170 Washway Road, Sale, Cheshire, M33 6RH. Exemptions have been taken in these separate company financial statements in relation to financial instruments, presentation of a cash flow statement, disclosure of certain related party transactions and remuneration of key management personnel.

The company has taken advantage of the exemption in Section 33 of FRS 102 and has not disclosed details of transactions with fellow wholly owned undertakings within the Brookhouse Properties Limited group of companies.

All activities within the company relate to continued operations.

**Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, that described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**Critical judgements in applying the Company's accounting policies**

The directors do not consider there to be any critical accounting judgements that must be applied.

**Key sources of estimation uncertainty**

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year are addressed below:

**Valuation of Investment properties**

A key source of estimation uncertainty relates to the valuation of investment properties, where a valuation is undertaken annually as at 24 September by the directors of the company. The evidence to support these valuations is based primarily on recent, comparable market transactions on an arm's length basis. However, the assumptions applied are inherently subjective and so are subject to a degree of uncertainty. Property valuations are one of the principal uncertainties of the company.

Investment properties were valued at £19,615,000 at 24 September 2018 (2017: £18,455,000) and are shown in note 9 of these financial statements.

**Turnover**

Turnover comprises the rental income from properties excluding VAT.

Rental income from properties is recognised in the period to which it relates in accordance with the lease terms. Rent invoiced in advance is recognised in the Statement of Comprehensive Income in the following accounting period and treated as deferred income at the year end.

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 24 SEPTEMBER 2018**

Rent increases arising from rent reviews are taken into account when such reviews have been settled with tenants. On new leases with rent free periods and other lease incentives, rental income is allocated on a systematic basis over the period from the date of lease commencement to the lease end date.

Service charge residual costs (arising from voids or inclusive rental arrangements) which are not recovered from tenants are included within other operating expenses.

All turnover is derived from continuing operations and comes from the company's principal activity and is generated in the UK.

**Tangible fixed assets**

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line or reducing balance basis over its expected useful life, as follows:

|                |               |
|----------------|---------------|
| Motor vehicles | 25% per annum |
|----------------|---------------|

Residual value is calculated on prices prevailing at the date of acquisition or revaluation.

**Profit on sale of tangible fixed assets**

Sales of tangible fixed assets are accounted for in the period in which contracts are completed. The profit/(loss) on sale of tangible fixed assets represents sale proceeds less disposal costs and the carrying value of the asset at the time of disposal. The latter in the case of revalued assets represents the revalued amount.

**Investment property and development sites**

Investment properties for which fair value can be measured reliably without undue cost or effort on an ongoing basis are measured at fair value annually with any change recognised in the Statement of Comprehensive Income.

Properties in the course of development or practically completed but not substantially let are included in the balance sheet at cost subject to provisions if the directors consider it prudent having regard to the prevailing market conditions. Cost includes interest and directly attributable overheads whilst the property is in the course of development.

Reclassifications between investment properties, other fixed assets and stocks are made at the lower of net book value and net realisable value.

**Investments**

Fixed asset investments are shown at cost less provisions for impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value only of the shares. Any premium is ignored. Investments in joint ventures are shown at cost less provision for impairment.

**Investment income**

Income from investments in subsidiary undertakings is included in the Statement of Comprehensive Income when dividends have been declared.

**Going concern**

The directors have received confirmation that Brookhouse Properties Limited, the company's parent company, will continue to provide the necessary level of support to enable the company to continue to operate for the foreseeable future. In considering the ability of Brookhouse Properties Limited to provide any necessary support in the context of the uncertainties it faces as a result of the current economic climate, the directors have obtained an understanding of Brookhouse Properties Limited's forecasts, the continuing availability of its facilities and its strategic and contingent plans.

Taking all of these factors into account, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and therefore continue to adopt the going concern basis in preparing these financial statements.

**Group accounts**

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertakings comprise a small-sized group. The company has therefore taken advantage of the exemptions provided by section 398 of the Companies Act 2006 not to prepare group accounts.

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 24 SEPTEMBER 2018**

**1. ACCOUNTING POLICIES - continued**

**Taxation**

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to the sale of the asset.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset only if: a) the company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income tax liabilities levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 24 SEPTEMBER 2018**

**1. ACCOUNTING POLICIES - continued**

**Financial assets**

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 assets are recognised in the company's balance sheet when the company becomes party to the contractual provision of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

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. Other financial assets classified as fair value through profit or loss are measured at fair value.

**Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

**Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expiry, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

**Financial liabilities**

Basic financial liabilities are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Other financial liabilities classified as fair value through profit or loss are measured at fair value.

**Derecognition of financial liabilities**

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

**2. OPERATING PROFIT**

The operating profit is stated after charging:

|                             | 2018<br>£'000 | 2017<br>£'000 |
|-----------------------------|---------------|---------------|
| Depreciation - owned assets | -             | 1             |

There were no directors' emoluments, staff costs or non-audit fees during the current or prior year. The auditor's remuneration of £4,894 (2017: £4,894) in respect of the statutory audit of the company for the current and prior year is borne by another group company, Brookhouse Builders Limited, and recharged.

The company does not have any employees in the current year or prior year.

No director received any remuneration for their services to the company (2017: £nil). The directors of the company were remunerated through another group company. No costs are recharged to the company as it is not practicable to fairly apportion the cost of these services.

**3. PROFIT ON SALE OF INVESTMENT PROPERTIES**

|   | 2018<br>£'000 | 2017<br>£'000 |
|---|---------------|---------------|
| Profit on sale of investment properties | (2)           | 275           |

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 24 SEPTEMBER 2018

4. INTEREST RECEIVABLE AND SIMILAR INCOME

|   | 2018<br>£'000 | 2017<br>£'000 |
|---|---------------|---------------|
| Interest receivable and similar income  | 16            | 7             |
| Interest from fellow group undertakings | 518           | 416           |
| Other interest receivable               | 144           | 83            |
|   | <u>678</u>    | <u>506</u>    |

5. INTEREST PAYABLE AND SIMILAR EXPENSES

|   | 2018<br>£'000 | 2017<br>£'000 |
|---|---------------|---------------|
| Bank Interest                                 | 160           | 258           |
| Amortisation of finance costs                 | 42            | 42            |
| Interest payable to fellow group undertakings | 109           | 79            |
| Other interest payable                        | 1             | 24            |
|   | <u>312</u>    | <u>403</u>    |

6. TAXATION

**Analysis of the tax (credit)/charge**

The tax (credit)/charge on the profit for the year was as follows:

|  | 2018<br>£'000 | 2017<br>£'000 |
|--|---------------|---------------|
| Current tax:                                   |               |               |
| UK corporation tax                             | 156           | 103           |
| Adjustment in respect of prior periods         | (647)         | (58)          |
| Total current tax                              | <u>(491)</u>  | <u>45</u>     |
| Deferred tax:                                  |               |               |
| Origination and reversal of timing differences | 97            | 16            |
| Adjustment in respect of prior periods         | 120           | 209           |
| Total deferred tax                             | <u>217</u>    | <u>225</u>    |
| Tax on profit                                  | <u>(274)</u>  | <u>270</u>    |

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 24 SEPTEMBER 2018**

**6. TAXATION - continued**

**Reconciliation of total tax (credit)/charge included in profit and loss**

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

|   | <b>2018</b>  | <b>2017</b>  |
|---|--------------|--------------|
|   | <b>£'000</b> | <b>£'000</b> |
| Profit before tax   | <u>2,803</u> | <u>2,374</u> |
| Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.500%) | 533          | 463          |
| Effects of:   |              |              |
| Expenses not deductible for tax purposes  | -            | 11           |
| Income not taxable for tax purposes   | (185)        | (352)        |
| Capital allowances in excess of depreciation  | -            | (13)         |
| Adjustments to tax charge in respect of previous periods                                    | (527)        | 151          |
| Group relief  | -            | 10           |
| Indexation on deferred tax  | (69)         | -            |
| Tax rate used to calculate deferred tax   | (26)         | -            |
| Total tax (credit)/charge   | <u>(274)</u> | <u>270</u>   |

The company earns its profits in the UK therefore the tax rate used is the standard rate for corporation tax of 19% (2017 - 19.5%).

Finance Act 2016, which was substantively enacted on 6 September 2016, included provisions to reduce the rate of corporation tax to 17% from 1 April 2020. Accordingly, deferred tax balances have been revalued to the lower rate of 17% in these accounts. To the extent that the deferred tax reverses before 1 April 2020 then the impact on the net deferred tax asset will be reduced.

**7. TANGIBLE FIXED ASSETS**

|  | <b>Plant and machinery etc<br/>£'000</b> |
|--|--|
| <b>COST</b>                                |  |
| At 25 September 2017 and 24 September 2018 | <u>32</u>                                |
| <b>DEPRECIATION</b>                        |  |
| At 25 September 2017 and 24 September 2018 | <u>32</u>                                |
| <b>NET BOOK VALUE</b>                      |  |
| At 24 September 2018                       | <u>-</u>                                 |



NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 24 SEPTEMBER 2018

8. FIXED ASSET INVESTMENTS

|   | Shares in<br>group<br>undertakings<br>£'000 | Interest<br>in joint<br>venture<br>£'000 | Unlisted<br>investments<br>£'000 | Totals<br>£'000 |
|---|---|--|----------------------------------|-----------------|
| <b>COST</b>                                   |   |  |                                  |                 |
| At 25 September 2017<br>and 24 September 2018 | 51,459                                      | 400                                      | 2                                | 51,861          |
| <b>PROVISIONS</b>                             |   |  |                                  |                 |
| At 25 September 2017<br>and 24 September 2018 | 3,763                                       | -  | -                                | 3,763           |
| <b>NET BOOK VALUE</b>                         |   |  |                                  |                 |
| At 24 September 2018                          | 47,696                                      | 400                                      | 2                                | 48,098          |
| At 24 September 2017                          | 47,696                                      | 400                                      | 2                                | 48,098          |

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 24 SEPTEMBER 2018**

**8. FIXED ASSET INVESTMENTS - continued**

The subsidiary undertakings are all unlisted. The subsidiaries of the company are listed below. The registered office of all subsidiary undertakings is Prospect House, 168-170 Washway Road, Sale, Cheshire, M33 6RH.

|   | Principal activity                  |
|---|-------------------------------------|
| Brookhouse Retail Limited                     | Investment and property letting     |
| Brookhouse Builders Limited                   | Property management services        |
| Brookhouse Property Investments Limited       | Investment and property development |
| Brookhouse Stud Limited                       | Equine activities                   |
| Brookhouse Northern Limited                   | Investment and property management  |
| Oldham Property Partnership Limited * / **    | Property dealing and development    |
| O.P.P Investments Limited * / **              | Investment and property letting     |
| O.P.P (Westhulme) Limited * / **              | Investment and property letting     |
| O.P.P (Chadderton) Limited * / **             | Investment and property letting     |
| Brookhouse Estates Limited **                 | Investment and property letting     |
| Brookhouse (Prescot) Limited                  | Investment and property letting     |
| Brookhouse (Preston) Limited                  | Investment and property letting     |
| Brookhouse Leasing Limited                    | Investment and property letting     |
| Brookhouse Residential Developments Limited   | Investment and property letting     |
| Brookhouse (Bradford) Limited                 | Investment and property letting     |
| Brookhouse Helsby Limited **                  | Investment and property letting     |
| Brookhouse Swindon Limited                    | Investment and property letting     |
| Brookhouse (Manchester) Limited               | Investment and property letting     |
| Brookhouse Chichester Limited                 | Investment and property letting     |
| Brookhouse (Dumfries) Limited                 | Investment and property letting     |
| Brookhouse Property Holdings Limited          | Investment and property letting     |
| Brookhouse (Lowestoft) Limited                | Investment and property letting     |
| Brookhouse (Ashford) Limited **               | Investment and property letting     |
| Brookhouse (Christchurch) Limited **          | Investment and property letting     |
| Brookhouse Services Limited                   | Property management services        |
| Brookhouse (Hamilton) Limited                 | Investment and property letting     |
| Doubletable Limited                           | Non trading company                 |
| Brookhouse Homes (Number 1) Limited **        | Property dealing and development    |
| Brookhouse Swindon (Leasing Limited **        | Property investment and management  |
| Brookhouse (Lowestoft) Nominees V Limited **  | Investment holding company          |
| Brookhouse (Lowestoft) Nominees VI Limited ** | Investment holding company          |
| BHG Nominee Co (2) Limited                    | Group finance company               |
| Brookhouse Helsby (Retail) Limited            | Property investment and management  |
| Brookhouse (Ystalyfera) Limited               | Property investment and management  |
| Brookhouse (Alexandra) Limited                | Property investment and management  |
| Brookhouse (Leigh) Limited                    | Property investment and management  |
| Brookhouse (Peterborough) Limited             | Property investment and management  |
| Arthur Kershaw Funeral Services Limited       | Funeral services                    |

\* Brookhouse Group owns 100% of the ordinary share capital of all of the above subsidiaries except for Oldham Property Partnerships Limited, O.P.P Investments Limited, O.P.P (Chaderton) Limited and O.P.P (Westhulme) Limited. The latter entities are collaborative ventures in partnership with Oldham Borough Council for the purpose of property dealing and development. The group had an interest of 81% of the issued ordinary share capital in each of these entities and was granted an option in the year to 24 September 2013 to buy the remaining 19% of the issued ordinary share capital for £3,000,000.

\*\* Held indirectly

The interest in joint venture relates to the company's 50% interest in the ordinary share capital of Oldham Property LLP, and entity registered in England and Wales whose principal activity is investment and property letting.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 24 SEPTEMBER 2018

## 9. INVESTMENT PROPERTY

|                       | Total<br>£'000 |
|-----------------------|----------------|
| <b>FAIR VALUE</b>     |                |
| At 25 September 2017  | 18,455         |
| Additions             | 318            |
| Revaluations          | 842            |
|                       | <u>19,615</u>  |
| At 24 September 2018  | <u>19,615</u>  |
| <b>NET BOOK VALUE</b> |                |
| At 24 September 2018  | <u>19,615</u>  |
| At 24 September 2017  | <u>18,455</u>  |

Investment properties were revalued at 24 September 2018 by the directors of the company, at open market value. To complete this process the directors use external professional valuers and agents qualified by RICS to help them determine the relevant amounts. The primary source of evidence for property valuations is recent, comparable market transactions on an arms-length basis. If investment properties had not been revalued, their historic cost would have been £18,823,000 (2017: £18,507,000).

## 10. STOCKS

|                      | 2018<br>£'000 | 2017<br>£'000 |
|----------------------|---------------|---------------|
| Land held for resale | 383           | 698           |
|                      | <u>383</u>    | <u>698</u>    |

## 11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

|                                    | 2018<br>£'000 | 2017<br>£'000 |
|------------------------------------|---------------|---------------|
| Trade debtors                      | -             | 5             |
| Amounts owed by group undertakings | 39,630        | 39,630        |
| Amounts owed by joint ventures     | 335           | 335           |
| Other debtors                      | 1,719         | 1,700         |
| Prepayments and accrued income     | 583           | 638           |
|                                    | <u>42,267</u> | <u>42,308</u> |

Amounts owed by group undertakings totalling £26,358,000 (2017: £26,358,000) are unsecured, repayable on demand and carry interest at an annual rate of 0.5% (2017: 0.5%) above the base rate of The Royal Bank of Scotland plc.

Amounts owed by group undertakings totalling £12,502,000 (2017: £12,502,000) are unsecured, repayable on demand and carry interest at an annual rate of 1.5% (2017: 1.5%) above the base rate of The Royal Bank of Scotland plc.

Amounts owed by group undertakings totalling £770,000 (2017: £770,000) are unsecured, interest free and repayable on demand.

Amounts owed by joint ventures totalling £335,000 (2017: £335,000) are unsecured, interest free and repayable on demand.

## 12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

|                                    | 2018<br>£'000 | 2017<br>£'000 |
|------------------------------------|---------------|---------------|
| Accruals and deferred income       | 674           | 686           |
| Trade creditors                    | 16            | 263           |
| Amounts owed to group undertakings | 7,284         | 6,163         |
| Directors' Loan Account            | 275           | 481           |
| Corporation tax                    | 1,257         | 1,021         |
| Other creditors                    | 918           | 1,700         |
|                                    | <u>10,424</u> | <u>10,314</u> |

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 24 SEPTEMBER 2018**

**12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR - continued**

Directors loan accounts are unsecured, repayable on demand and bear interest at the HMRC beneficial loan arrangement official rates.

Amounts owed to group undertakings totalling £7,284,000 (2017: £163,000) are unsecured, interest free and repayable on demand.

Amounts owed to group undertakings totalling £nil (2017: £6,000,000) are unsecured, repayable on demand and bear interest at a fixed margin above LIBOR at 1.75%.

**13. PROVISIONS FOR LIABILITIES**

|   | 2018<br>£'000 | 2017<br>£'000       |
|---|---------------|---------------------|
| Deferred tax  | 452           | 235                 |
|   |               | <b>Deferred tax</b> |
|   |               | <b>£'000</b>        |
| Balance at 25 September 2017                            |               | 235                 |
| Charge to Statement of Comprehensive Income during year |               | 217                 |
| Balance at 24 September 2018                            |               | 452                 |

The deferred tax balance relates to accelerated capital allowances, land remediation, and other timing differences.

There is no unprovided deferred tax for the current or prior year.

Deferred tax balances have been applied at 17% in these financial statements.

**14. CALLED UP SHARE CAPITAL**

| Allotted, issued and fully paid: |          |                |           |           |
|----------------------------------|----------|----------------|-----------|-----------|
| Number:                          | Class:   | Nominal value: | 2018<br>£ | 2017<br>£ |
| 32,705                           | Ordinary | 1p             | 327       | 327       |

The company has one class of ordinary shares which carry no right to fixed income.

**15. RESERVES**

|                      | Retained earnings<br>£'000 | Share premium<br>£'000 | Totals<br>£'000 |
|----------------------|----------------------------|------------------------|-----------------|
| At 25 September 2017 | 91,370                     | 10,233                 | 101,603         |
| Profit for the year  | 3,077                      | -                      | 3,077           |
| At 24 September 2018 | 94,447                     | 10,233                 | 104,680         |

Retained earnings represents cumulative profits or losses, including unrealised profit on the re-measurement of investment properties, net of dividends paid and other adjustments.

**16. RELATED PARTY DISCLOSURES**

The company has loans due to E Hindle and A J Gardner, who are both Directors of this company, as disclosed in note 12 to these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 24 SEPTEMBER 2018**

**17. ULTIMATE CONTROLLING PARTY**

The company's immediate parent company is Brookhouse Properties Limited, a company incorporated in the UK. The company's ultimate parent company is Aggregate Company S.a.r.l, a company incorporated in Luxembourg. The ultimate controlling party of that company is the Aggregate Trust.

The smallest and largest group in which the results of the company are consolidated is that headed by Brookhouse Properties Limited incorporated in the UK. Copies of the financial statements are available from the registered office, Prospect House, 168-170 Washway Road, Sale, Cheshire M33 6RH.