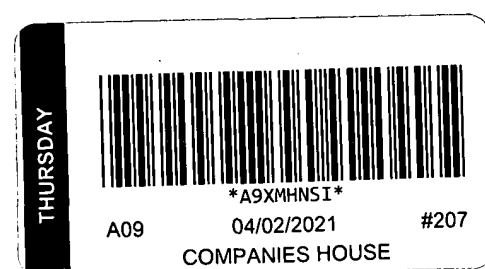


**Company Registration No. 04899241 (England and Wales)**

**WATKIN PROPERTY VENTURES  
INVESTMENTS LIMITED  
(FORMERLY PLANEHOUSE LIMITED)**

**ANNUAL REPORT AND FINANCIAL  
STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER  
2020**



# WATKIN PROPERTY VENTURES INVESTMENTS LIMITED

## COMPANY INFORMATION

---

**Directors**

G Watkin Jones  
Mrs J A Watkin Jones  
M Watkin Jones  
J N T Browne  
S W L Hayward

**Secretary**

J N T Browne

**Company number**

04899241

**Registered office**

Unit 6 Llys Castan  
Parc Menai Business Park  
Bangor  
Gwynedd  
LL57 4FH

**Auditor**

Jackson Stephen LLP  
James House  
Stonecross Business Park  
Yew Tree Way  
Warrington  
Cheshire  
WA3 3JD

---

# **WATKIN PROPERTY VENTURES INVESTMENTS LIMITED**

## **CONTENTS**

---

	<b>Page</b>
Chairman's statement	1 - 2
Directors' report	3 - 4
Independent auditor's report	5 - 7
Group statement of comprehensive income	8
Group balance sheet	9
Company balance sheet	10
Group statement of changes in equity	11
Company statement of changes in equity	12
Group statement of cash flows	13
Notes to the financial statements	14 - 29

---

# **WATKIN PROPERTY VENTURES INVESTMENTS LIMITED**

## **CHAIRMAN'S STATEMENT**

### **FOR THE YEAR ENDED 30 SEPTEMBER 2020**

---

The chairman presents his statement for the year.

#### **Trading**

It gives me great pleasure to report another excellent set of results for the group. The group made a profit before tax of £7,143,936 (*FY19: £3,100,558*) on a turnover of £9,314,425 (*FY19: £6,524,093*). Included in the profit before tax is a surplus on revaluation of the group's investment property amounting to £3,122,836 (*FY19: £Nil*). The group's property continues to enjoy high occupancy with few leases nearing an end. The contracted rental income for the forthcoming year is £10,275,621.

During the year ending 30 September 2020, the group acquired investment property being Atlantic Street Retail Park, Altrincham at a cost of £3,618,989, Mecca Bingo, Dundee at a cost of £3,964,384, M Bar & Grill, Twickenham at a cost of £1,315,846, Pinesgate, Bath at a cost of £26,500,000, Reynolds House, East Kilbride at a cost of £4,178,326, and 17-23 High Street, Bangor at a cost of £648,572. The group also incurred development costs at investment property being Sovereign Gate, Richmond amounting to £1,752,297, and Hunts Cross Retail Park, Speke amounting to £879,530. During the year ending 30 September 2020, the group sold its investment property known as The Hangar, Caernarfon at a net selling price of £53,187 realising a loss on sale of £323,880.

The impact of Covid-19 has not significantly affected the group's trading activities nor its profitability.

#### **Balance sheet and funding**

Net assets and reserves have increased from £20,419,481 to £23,574,032. On 18 December 2018, the group completed a 5-year revolving credit loan facility with Handelsbanken plc, providing loan finance of up to £30,000,000, with £15,350,000 drawn as at 30th September 2020. During the year, the group received term loan finance from Watkin Property Ventures Finance Limited and The G&J Watkin Jones 1992 A&M Settlement Trust. All three sources of finance have enabled the group to expand its property portfolio.

The potential impact of Covid-19 on our funding has been considered by the Board and in particular around our cash flow forecasts and our existing banking covenants. We have stress tested our cash flows and banking covenants and are confident that whatever the economic outcome of the pandemic that we will remain a strong business and will have the capacity to continue trading.

#### **Future prospects**

Prior to the outbreak of the Covid-19 pandemic the prospects facing the group were excellent. I remain optimistic that the economy will bounce back relatively quickly and I believe that there will be some significant opportunities for the group in the markets we operate in aided by our track record and access to funding facilities.

#### **The environment**

By their nature, the group's redevelopment activities impact on the environment. We take our responsibilities in this regard seriously and are committed to taking actions which protect and enhance the environment at large and which mitigate against any possible adverse impacts. Our procedures are designed to ensure that our contractors comply with the requirements of relevant legislation and adopt best practice wherever possible.

#### **Employees**

Our success is only achieved through the hard work, dedication and resilience of our staff. Our priority in the short term is the health and safety of our colleagues and we have implemented home working in accordance with Government guidelines. The initiative we took in ordering IT equipment and setting up our colleagues remotely prior to the lock down has meant there has been no interruption to our business operations. I would like to thank all our employees for their contribution in taking on the home working in these unprecedented times and ensuring the continued success of the group.

# **WATKIN PROPERTY VENTURES INVESTMENTS LIMITED**

## **CHAIRMAN'S STATEMENT (CONTINUED)**

***FOR THE YEAR ENDED 30 SEPTEMBER 2020***

---



G Watkin Jones  
**Chairman**

Date: 29 January 2021

# **WATKIN PROPERTY VENTURES INVESTMENTS LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 30 SEPTEMBER 2020**

---

The directors present their annual report and financial statements for the year ended 30 September 2020.

On 14 October 2020, the company changed its name from Planehouse Limited to Watkin Property Ventures Investments Limited.

#### **Principal activities**

The principal activity of the company and group continued to be that of property investment and management.

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

G Watkin Jones  
Mrs J A Watkin Jones  
M Watkin Jones  
J N T Browne  
S W L Hayward

#### **Results and dividends**

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

#### **Qualifying third party indemnity provisions**

The group has arranged a qualifying third party indemnity for all of its directors.

#### **Auditor**

Jackson Stephen LLP were appointed as auditor to the group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

#### **Statement of directors' responsibilities**

The directors are responsible for preparing the Annual Report 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). 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 group and company, and of the profit or loss of the group 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **WATKIN PROPERTY VENTURES INVESTMENTS LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 30 SEPTEMBER 2020***

---

### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

### **Small companies note**

*In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.*

On behalf of the board

A handwritten signature in black ink, appearing to be 'M Watkin Jones', written over a horizontal line.

M Watkin Jones  
**Director**

29 January 2021

# WATKIN PROPERTY VENTURES INVESTMENTS LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF WATKIN PROPERTY VENTURES INVESTMENTS LIMITED

---

#### Opinion

We have audited the financial statements of Watkin Property Ventures Investments Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2020 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 September 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### 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 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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the 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 group's or the parent 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.

#### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, 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 this regard.



# **WATKIN PROPERTY VENTURES INVESTMENTS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF WATKIN PROPERTY VENTURES INVESTMENTS LIMITED**

---

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

In the light of the knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, included in the directors' report, 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

#### **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 Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

# **WATKIN PROPERTY VENTURES INVESTMENTS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF WATKIN PROPERTY VENTURES INVESTMENTS LIMITED**

---

#### **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.



**Christopher Moss BSc F.C.A. (Senior Statutory Auditor)**  
for and on behalf of Jackson Stephen LLP

29/01/2021  
.....

**Chartered Accountants**  
**Statutory Auditor**

James House  
Stonecross Business Park  
Yew Tree Way  
Warrington  
Cheshire  
WA3 3JD

# WATKIN PROPERTY VENTURES INVESTMENTS LIMITED

## GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2020

		2020	2019
	Notes	£	£
Turnover	3	9,314,425	6,524,093
Administrative expenses		(3,036,939)	(1,066,961)
<b>Operating profit</b>		<b>6,277,486</b>	<b>5,457,132</b>
Interest receivable and similar income	7	1,912	2,866
Interest payable and similar expenses	8	(2,256,298)	(2,359,440)
Gains and losses on investments	9	3,120,836	-
<b>Profit before taxation</b>		<b>7,143,936</b>	<b>3,100,558</b>
Tax on profit	10	(1,469,878)	(660,940)
<b>Profit for the financial year</b>		<b>5,674,058</b>	<b>2,439,618</b>

Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

# WATKIN PROPERTY VENTURES INVESTMENTS LIMITED

## GROUP BALANCE SHEET

AS AT 30 SEPTEMBER 2020

	Notes	2020		2019	
		£	£	£	£
<b>Fixed assets</b>					
Investment property	11	160,698,885		115,086,436	
Investments	12		453		453
			<u>160,699,338</u>		<u>115,086,889</u>
<b>Current assets</b>					
Debtors	14	2,455,382		3,963,587	
Cash at bank and in hand		3,184,287		4,277,509	
		<u>5,639,669</u>		<u>8,241,096</u>	
<b>Creditors: amounts falling due within one year</b>	15	(36,554,813)		(31,541,217)	
<b>Net current liabilities</b>			<u>(30,915,144)</u>		<u>(23,300,121)</u>
<b>Total assets less current liabilities</b>			<u>129,784,194</u>		<u>91,786,768</u>
<b>Creditors: amounts falling due after more than one year</b>	16	(103,938,352)		(70,183,742)	
<b>Provisions for liabilities</b>	18	(2,271,810)		(1,183,545)	
<b>Net assets</b>			<u>23,574,032</u>		<u>20,419,481</u>
<b>Capital and reserves</b>					
Called up share capital	20		1		1
Other non-distributable reserve	21	3,283,099		753,602	
Capital contribution reserve	21		-	2,519,507	
Profit and loss reserve	21	20,290,932		17,146,371	
<b>Total equity</b>			<u>23,574,032</u>		<u>20,419,481</u>

The financial statements were approved by the board of directors and authorised for issue on 29 January 2021 and are signed on its behalf by:

  
M Watkin Jones  
Director

# WATKIN PROPERTY VENTURES INVESTMENTS LIMITED

## COMPANY BALANCE SHEET

AS AT 30 SEPTEMBER 2020

	Notes	2020		2019	
		£	£	£	£
<b>Fixed assets</b>					
Investment property	11	138,122,769		96,474,704	
Investments	12	1,005,454		1,005,454	
		<u>139,128,223</u>		<u>97,480,158</u>	
<b>Current assets</b>					
Debtors	14	4,223,944	7,999,901		
Cash at bank and in hand		2,566,818	4,107,963		
		<u>6,790,762</u>	<u>12,107,864</u>		
<b>Creditors: amounts falling due within one year</b>	15	(33,970,466)	(27,842,394)		
<b>Net current liabilities</b>		<u>(27,179,704)</u>	<u>(15,734,530)</u>		
<b>Total assets less current liabilities</b>		<u>111,948,519</u>	<u>81,745,628</u>		
<b>Creditors: amounts falling due after more than one year</b>	16	(91,270,288)	(64,487,834)		
<b>Provisions for liabilities</b>	18	(1,847,752)	(819,193)		
<b>Net assets</b>		<u>18,830,479</u>	<u>16,438,601</u>		
<b>Capital and reserves</b>					
Called up share capital	20	1	1		
Other non-distributable reserve	21	3,283,099	753,602		
Capital contribution reserve	21	-	2,519,507		
Profit and loss reserve	21	15,547,379	13,165,491		
<b>Total equity</b>		<u>18,830,479</u>	<u>16,438,601</u>		

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £4,911,385, (2019: £1,644,445 profit).

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

The financial statements were approved by the board of directors and authorised for issue on 29 January 2021 and are signed on its behalf by:



M Watkin Jones  
Director

Company Registration No. 04899241

# WATKIN PROPERTY VENTURES INVESTMENTS LIMITED

## GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Share capital £	Capital contribution reserve £	Other non- distributable reserve £	Profit and loss reserve £	Total £
<b>Balance at 1 October 2018</b>	1	3,417,218	753,602	13,809,042	17,979,863
<b>Year ended 30 September 2019:</b>					
Profit and total comprehensive income for the year	-	-	-	2,439,618	2,439,618
Transfer	-	(897,711)	-	897,711	-
<b>Balance at 30 September 2019</b>	1	2,519,507	753,602	17,146,371	20,419,481
<b>Year ended 30 September 2020:</b>					
Profit for the year	-	-	-	5,674,058	5,674,058
Other comprehensive income:					
Fair value gain on investment property	-	-	3,122,836	(3,122,836)	-
Deferred tax on fair value gain	-	-	(593,339)	593,339	-
Total comprehensive income for the year	-	-	2,529,497	3,144,561	5,674,058
Extinguished on repayment of loans	-	(2,519,507)	-	-	(2,519,507)
<b>Balance at 30 September 2020</b>	1	-	3,283,099	20,290,932	23,574,032

# WATKIN PROPERTY VENTURES INVESTMENTS LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Share capital £	Capital contribution reserve £	Other non- distributable reserve £	Profit and loss reserve £	Total £
<b>Balance at 1 October 2018</b>	1	3,417,218	753,602	10,623,335	14,794,156
<b>Year ended 30 September 2019:</b>					
Profit and total comprehensive income for the year	-	-	-	1,644,445	1,644,445
Transfer	-	(897,711)	-	897,711	-
<b>Balance at 30 September 2019</b>	1	2,519,507	753,602	13,165,491	16,438,601
<b>Year ended 30 September 2020:</b>					
Profit for the year	-	-	-	4,911,385	4,911,385
Other comprehensive income:					
Fair value gain on investment property	-	-	3,122,836	(3,122,836)	-
Deferred tax on fair value gain	-	-	(593,339)	593,339	-
Total comprehensive income for the year	-	-	2,529,497	2,381,888	4,911,385
Extinguished on repayment of loans	-	(2,519,507)	-	-	(2,519,507)
<b>Balance at 30 September 2020</b>	1	-	3,283,099	15,547,379	18,830,479

# WATKIN PROPERTY VENTURES INVESTMENTS LIMITED

## GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Notes	2020 £	£	2019 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	25	11,366,923		10,473,435	
Tax paid		(31,939)		(832,496)	
<b>Net cash inflow from operating activities</b>		<b>11,334,984</b>		<b>9,640,939</b>	
<b>Investing activities</b>					
Purchase of investment property		(16,366,680)	(22,369,485)		
Proceeds on disposal of investment property		53,187	-		
Cash inflow on acquisition of subsidiary		608,041	-		
Payments on disposal of fixed asset investments		(2,000)	-		
Interest received		1,912	2,866		
<b>Net cash used in investing activities</b>		<b>(15,705,540)</b>		<b>(22,366,619)</b>	
<b>Financing activities</b>					
Proceeds from new other loans		7,330,852	5,600,001		
Proceeds of new bank loans		-	15,350,000		
Repayment of loans		(1,773,494)	(3,582,000)		
Interest paid		(2,280,024)	(1,413,701)		
<b>Net cash generated from financing activities</b>		<b>3,277,334</b>		<b>15,954,300</b>	
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(1,093,222)</b>		<b>3,228,620</b>	
Cash and cash equivalents at beginning of year		4,277,509		1,048,889	
<b>Cash and cash equivalents at end of year</b>		<b>3,184,287</b>		<b>4,277,509</b>	



# **WATKIN PROPERTY VENTURES INVESTMENTS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2020**

---

### **1 Accounting policies**

#### **Company information**

Watkin Property Ventures Investments Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Unit 6 Llys Castan, Parc Menai Business Park, Bangor, Gwynedd, LL57 4FH.

The group consists of Watkin Property Ventures Investments Limited and all of its subsidiaries.

#### **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.

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

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

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The company has taken advantage of the exemption, under FRS102, not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

#### **1.2 Basis of consolidation**

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

# WATKIN PROPERTY VENTURES INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

### 1 Accounting policies

(Continued)

The consolidated financial statements incorporate those of Watkin Property Ventures Investments Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 30 September 2020. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

#### 1.3 Going concern

The group's business activities are set out in the Directors' Report. The group meets its funding requirements through a mixture of retained earnings, the provision of loans from related undertakings, bank loans and other loans as set out in the notes to the financial statements.

Notwithstanding the net current liabilities, the financial statements have been prepared on the going concern basis. The group has received confirmation from a related party that whilst amounts due to them are due on demand, that they will not be called in for payment until the group has sufficient resources to settle the liabilities. This support will continue for a period of at least one year from the date of signing the financial statements.

The impact on the company arising from the uncertainty of the recent COVID-19 outbreak has been considered by the directors:

- Management have considered updated financial forecasts. Based upon the information available, the directors consider that the company has ample liquidity to continue in business, for at least the next 12 months as a going concern.
- The directors have reviewed the assets of the business and do not believe there to be any impairments arising as a result of the pandemic.
- The directors have considered the uncertainty that COVID-19 will have on property valuations over the coming 12 months. They have considered the impact this may have on loan covenants and the headroom in place. This uncertainty could lead to a breach in loan covenants, however the directors consider that the company has sufficient liquidity to repay loan facilities if they were called for repayment, or has access to additional loan facilities from related parties to enable repayment.
- To date, there has been no material impact on the company arising from the COVID-19 outbreak and the directors continue to monitor the situation very closely.

Accordingly the directors continue to adopt the going concern basis in preparing the financial statements.

#### 1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable, excluding discounts, rebates, VAT and other sales related taxes

Rental income is recognised in the period in which it falls due, however, when rent-free periods are provided to tenants as an incentive to occupy the group's investment property, rental income is recognised in each period based on the total rental income receivable over the entire lease term, allocated on a straight line basis.

# WATKIN PROPERTY VENTURES INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

---

### 1 Accounting policies

(Continued)

#### 1.5 Investment property

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. Changes in fair value are recognised in profit or loss.

The valuation is derived by the directors following a detailed review of the property portfolio. The directors are assisted in this assessment by the use of external valuations prepared for bank borrowing purposes and sales of similar properties. The directors will also consider occupancy levels, length of leases, quality of tenant, proposed refurbishments and any other significant factors in forming an appropriate valuation.

#### 1.6 Fixed asset investments

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

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

#### 1.7 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the loan using the effective interest rate method, so that the amount charged is at a constant rate on the carrying amount.

#### 1.8 Cash and cash equivalents

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

#### 1.9 Financial instruments

The group 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 group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **Basic financial assets**

Basic financial assets, which include 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.

# WATKIN PROPERTY VENTURES INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

### 1 Accounting policies

(Continued)

#### ***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. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal 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 expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### ***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 group 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.

#### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

### 1.10 Equity instruments

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

# WATKIN PROPERTY VENTURES INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

---

### 1 Accounting policies

(Continued)

#### 1.11 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 group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### *Deferred tax*

Deferred tax 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 if, and only if, there is 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.

#### 1.12 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.

#### 1.13 Retirement benefits

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

#### 1.14 Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset, and in respect of investment property, recognised on disposal of the asset. If part of a grant relating to an asset is deferred, it is recognised in deferred income.

# WATKIN PROPERTY VENTURES INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

### 1 Accounting policies

(Continued)

#### 1.15 Other loans provided at below market rate interest

Under FRS102, loans provided at below market rate of interest are recognised in the Balance Sheet at the present value of the future payments, discounted using a market rate of interest for a similar debt instrument. At inception, the difference between the nominal value of the loan provided and the present value is credited to a capital contribution reserve. Each year the difference between the market rate of interest charged on the loan and the actual interest paid is included in the Statement of Comprehensive Income and added to the loan in the Balance Sheet. At each year end, a transfer is made from the capital contribution reserve to the profit and loss account reserve, equivalent to the extra interest charged, as the capital contribution reverses over the term of the loan.

### 2 Judgements and key sources of estimation uncertainty

In the application of the group'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.

In preparing these financial statements the directors have made the following judgements:

1. Determine whether there are indicators of impairment of the group's fixed asset investments. When assessing the impairment factors, the directors have taken into consideration the financial position and expected future financial performance of those entities.
2. Determine whether there are indicators of impairment of the group's trade and other debtors. When assessing impairment of trade and other debtors, management considers factors such as the ageing profile and historical experience.

#### Other key sources of estimation uncertainty:

##### *Investment property*

Investment property is held at open market value which is assessed annually and can vary depending on a number of factors such as occupancy levels, length of leases, quality of tenant and proposed refurbishments.

##### *Market rate of interest charged on other loans*

The market rate of interest charged on other loans is LIBOR plus 3% which, in the directors' opinion, is an appropriate market rate of interest chargeable on equivalent unsecured debt.

### 3 Turnover and other revenue

The turnover and profit before taxation are attributable to the one principal activity of the group. All turnover arises within the United Kingdom. All activities of the group are classed as continuing.

# WATKIN PROPERTY VENTURES INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

### 4 Auditor's remuneration

	2020 £	2019 £
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	4,500	4,800
Audit of the financial statements of the company's subsidiaries	2,500	2,700
	<u>7,000</u>	<u>7,500</u>
<b>For other services</b>		
Accounts preparation	3,145	3,500
Taxation compliance services	2,525	3,180
	<u>5,670</u>	<u>6,680</u>

### 5 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2020 Number	2019 Number	Company 2020 Number	2019 Number
Property investment and management	<u>9</u>	<u>8</u>	<u>9</u>	<u>8</u>

Their aggregate remuneration comprised:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Wages and salaries	240,304	174,266	240,304	174,266
Social security costs	29,641	18,443	29,641	18,443
Pension costs	10,995	4,434	10,995	4,434
	<u>280,940</u>	<u>197,143</u>	<u>280,940</u>	<u>197,143</u>

### 6 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	104,961	31,108
Other pension costs	5,075	2,115
	<u>110,036</u>	<u>33,223</u>

# WATKIN PROPERTY VENTURES INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

### 6 Directors' remuneration

(Continued)

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2019: 1).

### 7 Interest receivable and similar income

	2020 £	2019 £
<b>Interest income</b>		
Interest on bank deposits	1,276	2,866
Other interest income	636	-
Total income	<u>1,912</u>	<u>2,866</u>

### 8 Interest payable and similar expenses

	2020 £	2019 £
Bank loan interest	379,695	233,992
Other loans	1,818,732	1,853,870
Other finance charges	57,269	95,563
Other interest costs	-	117
Bank charges	602	175,898
Total finance costs	<u>2,256,298</u>	<u>2,359,440</u>

### 9 Gains and losses on investments

	2020 £	2019 £
<b>Fair value gains/(losses)</b>		
Fair value gain on investment property	3,122,836	-
<b>Other gains/(losses)</b>		
Loss on disposal of fixed asset investments	(2,000)	-
	<u>3,120,836</u>	<u>-</u>

### 10 Taxation

	2020 £	2019 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	410,183	452,024
Adjustments in respect of prior periods	(28,570)	(159,227)
Total current tax	<u>381,613</u>	<u>292,797</u>



# WATKIN PROPERTY VENTURES INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

### 10 Taxation

(Continued)

	2020 £	2019 £
<b>Deferred tax</b>		
Origination and reversal of timing differences	1,088,265	368,143
	<u>          </u>	<u>          </u>
<b>Total tax charge</b>	<u>1,469,878</u>	<u>660,940</u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2020 £	2019 £
Profit before taxation	<u>7,143,936</u>	<u>3,100,558</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	1,357,348	589,106
Tax effect of expenses that are not deductible in determining taxable profit	(390)	180,318
Income not taxable	(615,156)	-
Unutilised tax losses carried forward	61,537	-
Adjustments in respect of prior years	(28,570)	(159,227)
Permanent capital allowances in excess of depreciation	(325,842)	(276,064)
Land remediation relief	(526)	-
Transfer pricing adjustment	(62,973)	(41,335)
Deferred tax charge	1,088,265	368,143
Other	(3,815)	(1)
	<u>          </u>	<u>          </u>
<b>Taxation charge</b>	<u>1,469,878</u>	<u>660,940</u>

The UK Corporation tax rate of 17% announced in the 2016 Budget (and due to apply from 1 April 2020) was revised in the 2020 Budget to 19%. The 19% rate was substantively enacted on 11 March 2020 and deferred tax has been calculated at this rate.

Included in the deferred tax charge is an amount of £593,339 (2019: Nil) in respect of fair value gains arising on the revaluation of investment properties.

# WATKIN PROPERTY VENTURES INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

### 11 Investment property

	Group 2020 £	Company 2020 £
<b>Fair value</b>		
At 1 October 2019	115,086,436	96,474,704
Additions	42,866,680	38,902,296
Disposals	(377,067)	(377,067)
Fair value adjustments	3,122,836	3,122,836
At 30 September 2020	160,698,885	138,122,769

The fair value of the investment property was made by the Directors, on an open market value for existing use basis.

The historical cost of the investment properties held by the Group as at 30 September 2020 is £156,822,447 (2019: £114,332,834).

The historical cost of the investment properties held by the Company as at 30 September 2020 is £134,246,331 (2019: £95,721,102).

### 12 Fixed asset investments

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Investments in subsidiaries	13	-	-	1,005,001	1,005,001
Unlisted investments		453	453	453	453
		453	453	1,005,454	1,005,454

#### Movements in fixed asset investments

Group	Investments other than loans £
<b>Cost or valuation</b>	
At 1 October 2019 and 30 September 2020	453
<b>Carrying amount</b>	
At 30 September 2020	453
At 30 September 2019	453

# WATKIN PROPERTY VENTURES INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

### 12 Fixed asset investments (Continued)

#### Movements in fixed asset investments

Company	Shares in group undertakings	Other investments other than loans	Total
	£	£	£
<b>Cost or valuation</b>			
At 1 October 2019	1,005,001	453	1,005,454
Additions	12,080,250	-	12,080,250
Disposals	(12,080,250)	-	(12,080,250)
At 30 September 2020	1,005,001	453	1,005,454
<b>Carrying amount</b>			
At 30 September 2020	1,005,001	453	1,005,454
At 30 September 2019	1,005,001	453	1,005,454

### 13 Subsidiaries

Details of the company's subsidiaries at 30 September 2020 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
W.J.Developments (Gwynedd) Limited	England and Wales	Property investment	Ordinary	100.00
W.J. Hafod Elfyn Limited	England and Wales	Property investment	Ordinary	100.00

On 30 June 2020, the company purchased the whole of the issued share capital of Pinesgate Investment Company Limited, a company which was subsequently dissolved on 25 September 2020.

### 14 Debtors

	Group 2020	2019	Company 2020	2019
Amounts falling due within one year:	£	£	£	£
Trade debtors	603,683	368,585	536,221	302,091
Corporation tax recoverable	-	100,702	-	169,268
Amounts owed by group undertakings	-	-	1,899,549	4,115,080
Amounts owed by related undertakings	541,218	2,150,546	536,218	2,115,546
Other debtors	555,433	406,996	496,908	361,158
Prepayments and accrued income	755,048	936,758	755,048	936,758
	<u>2,455,382</u>	<u>3,963,587</u>	<u>4,223,944</u>	<u>7,999,901</u>

# WATKIN PROPERTY VENTURES INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2020

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

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Other loans	17	-	3,066,792	-	2,166,792
Payments received on account		-	108,160	-	108,160
Trade creditors		342,501	203,516	320,075	169,267
Amounts owed to group undertakings		-	-	2,729,980	-
Amounts owed to related undertakings		30,180,397	24,375,770	27,804,195	22,189,568
Corporation tax payable		248,972	-	121,254	-
Other taxation and social security		596,096	261,366	505,082	201,544
Other creditors		1,315,038	637,804	1,186,780	529,484
Accruals and deferred income		3,871,809	2,887,809	1,303,100	2,477,579
		<u>36,554,813</u>	<u>31,541,217</u>	<u>33,970,466</u>	<u>27,842,394</u>

Accruals and deferred income include £2,237,918 (2019: £2,289,047) relating to the receipt of a government grant in 2008. If certain conditions are not met in relation to the government grant, the company will be liable to repay an element of the grant received. The conditions expired in March 2018. The company is in negotiations with the Welsh Assembly government to determine the amount of any grant to be repaid.

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

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans	17	15,350,000	15,350,000	15,350,000	15,350,000
Other loans	17	88,588,352	52,544,695	75,920,288	49,137,834
Accruals and deferred income		-	2,289,047	-	-
		<u>103,938,352</u>	<u>70,183,742</u>	<u>91,270,288</u>	<u>64,487,834</u>

#### 17 Loans

	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loan	15,350,000	15,350,000	15,350,000	15,350,000
Other loans	88,588,352	55,611,487	75,920,288	51,304,626
	<u>103,938,352</u>	<u>70,961,487</u>	<u>91,270,288</u>	<u>66,654,626</u>
Payable within one year	-	3,066,792	-	2,166,792
Payable after one year	<u>103,938,352</u>	<u>67,894,695</u>	<u>91,270,288</u>	<u>64,487,834</u>

# WATKIN PROPERTY VENTURES INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

### 17 Loans

(Continued)

The bank loan consists of a revolving credit loan facility agreement that is secured by a legal charge on the group's assets and a guarantee provided by W.J. Developments (Gwynedd) Limited. The loan is repayable in full on 18 December 2023 and interest is payable at 1.5595% above LIBOR.

Other loans consist of a loan provided by the G&J Watkin Jones 1992 A&M Settlement Trust, amounting to £24,900,000 (2019: £30,639,296). The loan is unsecured, interest is charged at a rate of LIBOR plus 3% and the loan is repayable in full on 29 June 2025.

Other loans also consist of loans provided by Watkin Property Ventures Finance Limited, amounting to £63,688,352 (2019: £24,972,191). The loans are secured on the investment properties, interest is charged at a rate of LIBOR plus 3%. The loans expire on varying dates during the next 5 years.

### 18 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2020 £	Liabilities 2019 £
<b>Group</b>		
Accelerated capital allowances	1,678,471	1,183,545
Investment property	593,339	-
	<u>2,271,810</u>	<u>1,183,545</u>
	Liabilities 2020 £	Liabilities 2019 £
<b>Company</b>		
Accelerated capital allowances	1,254,413	819,193
Investment property	593,339	-
	<u>1,847,752</u>	<u>819,193</u>
	Group 2020 £	Company 2020 £
<b>Movements in the year:</b>		
Liability at 1 October 2019	1,183,545	819,193
Charge to Statement of Comprehensive Income	1,088,265	1,028,559
	<u>2,271,810</u>	<u>1,847,752</u>

# WATKIN PROPERTY VENTURES INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

### 19 Retirement benefit schemes

	2020	2019
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	10,995	4,434

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

### 20 Share capital

	Group and company	
	2020	2019
Ordinary share capital	£	£
Issued and fully paid		
1 Ordinary share of £1	1	1

### 21 Reserves

#### Other non-distributable reserve

Other non-distributable reserve represents both the cumulative surplus on investment property revaluations made prior to the date of transition to FRS102, and the fair value gains and losses arising on the subsequent revaluations of investment properties, net of deferred tax.

#### Capital contribution reserve

Capital contribution reserve represents the difference between the nominal value of loans provided and the present value of future payments discounted using a market rate of interest for a similar debt instrument, and is not legally distributable. The transfer to the profit and loss account represents the correction to distributable reserves for the additional interest charged to profit and loss account during the year, as the capital contribution reverses over the term of the loan.

#### Profit and loss reserve

Profit and loss reserve represents the cumulative profits or losses, net of dividends paid and other adjustments.

### 22 Acquisitions

On 30 June 2020, the company purchased the whole of the issued share capital of Pinesgate Investment Company Limited. The consideration amounted to £12,078,250, which represented the fair value of the assets at the acquisition date. Pinesgate Investment Company Limited was subsequently dissolved on 25 September 2020. Included in these financial statements are profits of £116,825 arising from the company's interests in Pinesgate Investment Company Limited up to the date of its dissolution.

# WATKIN PROPERTY VENTURES INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

### 23 Operating lease commitments

#### Lessor

At the reporting end date the group had future minimum lease payments receivable as follows:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Within one year	9,962,989	7,209,250	8,327,716	5,897,957
Between two and five years	33,251,467	24,264,969	26,828,694	19,061,535
In over five years	31,714,766	31,013,546	21,226,092	22,214,208
	<u>74,929,222</u>	<u>62,487,765</u>	<u>56,382,502</u>	<u>47,173,700</u>

### 24 Related party transactions

At the balance sheet date, included in other loans was an amount payable to the G&J Watkin Jones 1992 A&M Settlement Trust of £24,900,000 (2019: £30,639,296). G Watkin Jones, Mrs J A Watkin Jones and M Watkin Jones are trustees of the trust. Interest charged against profit in the year amounted to £280,292 (2019: £1,069,383). Further details of the loan is provided in Note 17.

At the balance sheet date, included in other loans was an amount payable to Watkin Property Ventures Finance Limited, a company related by common control, of £63,688,352 (2019: £24,972,191). Interest charged against profit for the year amounted to £1,538,440 (2019: £784,487). Included in accruals is an amount of £Nil (2019: £3,521). Further details of the loans are provided in Note 17.

At the balance sheet date, included within debtors and creditors, are amounts due from and due to companies under common control of £541,218 (2019: £2,150,546) and £30,180,397 (2019: £24,375,770) respectively. The amounts are unsecured and are interest free.

During the year the group paid management charges to Carlton (North Wales) Limited, a company related by common control, amounting to £575,100 (2019: £500,000).

# WATKIN PROPERTY VENTURES INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

### 25 Cash generated from group operations

	2020 £	2019 £
Profit for the year after tax	5,674,058	2,439,618
<b>Adjustments for:</b>		
Taxation charged	1,469,878	660,940
Interest payable	2,256,298	2,359,440
Interest receivable	(1,912)	(2,866)
Loss on disposal of investment property	323,880	-
Fair value gain on investment property	(3,122,836)	-
Loss on disposal of fixed asset investments	2,000	-
<b>Movements in working capital:</b>		
Decrease/(increase) in debtors	1,550,042	(278,000)
Increase in creditors	3,215,515	5,294,303
<b>Cash generated from operations</b>	<b>11,366,923</b>	<b>10,473,435</b>

### 26 Analysis of changes in net debt - group

	1 October 2019 £	Cash flows £	Acquisition of subsidiary £	Other non- cash changes £	30 September 2020 £
Cash at bank and in hand	4,277,509	(1,093,222)	-	-	3,184,287
Borrowings excluding overdrafts	(70,961,487)	(5,557,358)	(24,900,000)	(2,519,507)	(103,938,352)
	<u>(66,683,978)</u>	<u>(6,650,580)</u>	<u>(24,900,000)</u>	<u>(2,519,507)</u>	<u>(100,754,065)</u>