

VS 506 Limited

Unaudited Financial Statements

31 March 2021



VS 506 Limited

Financial Statements

Year ended 31 March 2021

Contents	Page
Officers and professional advisers	1
Director's report	2
Statement of income and retained earnings	3
Statement of financial position	4
Notes to the financial statements	6

VS 506 Limited

Officers and Professional Advisers

Director	K J Barber
Company secretary	C Payne
Registered office	45 Westerham Road Bessels Green Sevenoaks Kent United Kingdom TN13 2QB

VS 506 Limited

Director's Report

Year ended 31 March 2021

The director presents his report and the unaudited financial statements of the company for the year ended 31 March 2021.

Principal activities

The principal activity of the company during the year was that of a property investment company.

Director

The director who served the company during the year was as follows:

K J Barber

Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

This report was approved by the director on 01/03/22 and signed by:



K J Barber
Director

Registered office:
45 Westerham Road
Bessels Green
Sevenoaks
Kent
United Kingdom
TN13 2QB

VS 506 Limited

Statement of Comprehensive Income

Year ended 31 March 2021

	Note	2021 £	2020 £
Turnover		72,800	72,800
Gross profit		<u>72,800</u>	<u>72,800</u>
Administrative expenses		(34,874)	(24,155)
Operating profit		37,926	48,645
Other interest receivable and similar income		58	176
Interest payable and similar expenses		(99,026)	(110,756)
Loss before taxation		(61,042)	(61,935)
Tax on loss	5	<u>—</u>	<u>—</u>
Loss for the financial year and total comprehensive income		<u>(61,042)</u>	<u>(61,935)</u>
Retained losses at the start of the year		(289,957)	(228,022)
Retained losses at the end of the year		<u>(350,999)</u>	<u>(289,957)</u>

The notes on pages 6 to 10 form part of these financial statements.

VS 506 Limited

Statement of Financial Position

31 March 2021

	Note	2021 £	2020 £
Fixed assets			
Investment property	6	2,799,151	2,799,151
Current assets			
Debtors	7	18,201	6,422
Cash at bank and in hand		86,370	78,041
		<u>104,571</u>	<u>84,463</u>
Creditors: amounts falling due within one year	8	<u>(3,254,720)</u>	<u>(1,356,820)</u>
Net current liabilities		<u>(3,150,149)</u>	<u>(1,272,357)</u>
Total assets less current liabilities		<u>(350,998)</u>	<u>1,526,794</u>
Creditors: amounts falling due after more than one year	9	<u>–</u>	<u>(1,816,750)</u>
Net liabilities		<u>(350,998)</u>	<u>(289,956)</u>
Capital and reserves			
Called up share capital		1	1
Profit and loss account		<u>(350,999)</u>	<u>(289,957)</u>
Shareholders deficit		<u>(350,998)</u>	<u>(289,956)</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with Section 1A of FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

For the year ending 31 March 2021 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Director's responsibilities:

- The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476;
- The director acknowledges his responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

The statement of financial position
continues on the following page.

The notes on pages 6 to 10 form part of these financial statements.

VS 506 Limited

Statement of Financial Position *(continued)*

31 March 2021

These financial statements were approved by the director and authorised for issue on01/03/22.....



K J Barber
Director

Company registration number: 10001423

The notes on pages 6 to 10 form part of these financial statements.

VS 506 Limited

Notes to the Financial Statements

Year ended 31 March 2021

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 45 Westerham Road, Bessels Green, Sevenoaks, Kent, TN13 2QB, United Kingdom.

2. Statement of compliance

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

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, modified to include investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

At 31 March 2021, the company had net current liabilities of £3,150,149 (2019: £1,272,357) and net liabilities of £350,998 (2020: £289,956).

The company is required to comply with two financial covenants in the bank loan agreement. In particular, there is a risk that the loan to value covenant will be breached if property values decline. In the event that the company breaches either of these covenants then the bank would have the right to demand immediate repayment of the loan.

Should the company be unable to meet its liabilities as they fall due, adjustments would have to be made to the financial statements to reduce the value of assets to their recoverable amount and to provide for any further liabilities which may arise.

Revenue recognition

The turnover shown in the profit and loss account represents rental income receivable during the period.

Investment properties

Investment properties are initially measured at cost and subsequently measured at fair value. Whilst a reliable measure of fair value is available without undue cost or effort. Changes in fair value are recognised in profit or loss.

VS 506 Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

3. Accounting policies *(continued)*

Financial instruments

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

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

Financial assets at fair value through profit or loss

Financial assets classified as other financial assets are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

Loans and receivables

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

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

Financial liabilities and equity

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

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 expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

3. Accounting policies *(continued)*

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Derecognition of financial liabilities

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

Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is 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, 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

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Valuation of investment properties

The key accounting estimate in preparing these financial statements relates to the carrying value of the investment properties which are stated at fair value. The company uses lease terms, market conditions and sales prices based upon known market transactions for similar properties as a basis for determining the director's estimation of the fair value of the investment properties. However, the valuation of the company's investment properties is inherently subjective, as it is made on the basis of valuation assumptions which may in future not prove to be accurate. In addition, the deferred tax liabilities recognised in respect of the fair value gains and losses on these investment properties are assessed on the basis of assumptions regarding the future, the likelihood that assets will be realised and liabilities will be settled, and estimates as to the timing of those future events and as to the future tax rates that will be applicable.

VS 506 Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

4. Staff costs

Aside from the director, who received no remuneration for the period there were no employees (2020: nil).

5. Tax on loss

Reconciliation of tax income

The tax assessed on the loss on ordinary activities for the year is the same as (2020: higher than) the standard rate of corporation tax in the UK of 19% (2020: 19%).

	2021 £	2020 £
Loss on ordinary activities before taxation	(61,042)	(61,935)
Loss on ordinary activities by rate of tax	(11,598)	(11,768)
Deferred tax not recognised	11,598	11,768
Tax on loss	—	—

6. Investment property

	Investment property £
Cost	
At 1 April 2020 and 31 March 2021	2,799,151
Impairment	
At 1 April 2020 and 31 March 2021	—
Carrying amount	
At 31 March 2021	2,799,151
At 31 March 2020	2,799,151

The fair valuation of the company's investment property has been carried out by the director. Fair value is not considered to have moved since the date of acquisition.

7. Debtors

	2021 £	2020 £
Other debtors	18,201	6,422

VS 506 Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

8. Creditors: amounts falling due within one year

	2021 £	2020 £
Bank loans and overdrafts	1,829,642	–
Amounts owed to group undertakings	1,274,865	1,227,807
Other creditors	150,213	129,013
	<u>3,254,720</u>	<u>1,356,820</u>

VS 506 Limited is committed to repay the aggregate of the Base Rate plus 2.75%, monthly, on the bank loan of £1,829,642 (2020: £1,816,750). This fixed rate bank loan is subject to interest cover and loan to value covenants. There is a registered charge over the property and bank accounts in favour of Metro Bank PLC.

9. Creditors: amounts falling due after more than one year

	2021 £	2020 £
Bank loans and overdrafts	–	<u>1,816,750</u>

10. Related party transactions

An amount of £1,274,865 (2020: £1,227,807) is included in amounts owed to group companies at 31 March 2021 as owing to Ozbury Limited. Of this balance, £1,045,740 (2020: £1,045,740) relates to funding provided to finance the purchase of the investment property and £229,125 (2020: £182,067) is the total amount of interest accrued for the period to 31 March 2021. Interest on this loan is being charged at 4.5% per annum.

An amount of £1,829,642 (2020: £1,816,750) is included in bank loans and mortgages at the period ended 31 March 2021. As part of the terms for this bank loan, K J Barber is a guarantor and VS 106 Limited, a fellow subsidiary of Ozbury Limited is a security provider.

11. Controlling party

The immediate and ultimate parent undertaking is Ozbury Limited, a company registered in England and Wales. Consolidated accounts that include the company may be obtained from 45 Westerham Road, Bessels Green, Sevenoaks, Kent, TN13 2QB.