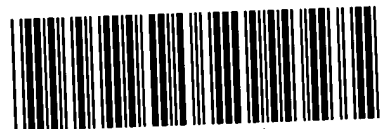


VS 106 Limited
Financial Statements
31 March 2018

FRIDAY



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28/12/2018
COMPANIES HOUSE

VS 106 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

Auditor RSM UK Audit LLP
Chartered Accountants and statutory auditor
Hanover House
18 Mount Ephraim Road
Tunbridge Wells
Kent
TN1 1ED

VS 106 Limited

Director's Report

Year ended 31 March 2018

The director presents his report and the financial statements of the company for the year ended 31 March 2018.

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

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

RSM Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

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 24 December 2018



K J Barber
Director

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

VS 106 Limited

Director's Responsibilities Statement

Year ended 31 March 2018

The director is responsible for preparing the director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the director is 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 company will continue in business.

The director is 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. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregular

VS 106 Limited

Independent Auditor's Report to the Members of VS 106 Limited

Year ended 31 March 2018

Opinion

We have audited the financial statements of VS 106 Limited (the 'company') for the year ended 31 March 2018 which comprise the statement of income and retained earnings, statement of financial position, 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 company's affairs as at 31 March 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has 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.

VS 106 Limited

Independent Auditor's Report to the Members of VS 106 Limited (continued)

Year ended 31 March 2018

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The director is responsible for the other information. 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.

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 director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the director's 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the director's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the director was not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the director's report and from the requirement to prepare a strategic report.

VS 106 Limited

Independent Auditor's Report to the Members of VS 106 Limited *(continued)*

Year ended 31 March 2018

Responsibilities of the director

As explained more fully in the director's responsibilities statement, the director is 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 director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or has 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.

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.

RSM UK Audit LLP

Gary Purdy (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Hanover House
18 Mount Ephraim Road
Tunbridge Wells
Kent
TN11 1ED

24 December 2018

VS 106 Limited

Statement of Income and Retained Earnings

Year ended 31 March 2018

	Note	Year to 31 Mar 18 £	Period from 11 Feb 16 to 31 Mar 17 £
Turnover		70,200	57,925
Gross profit		<u>70,200</u>	<u>57,925</u>
Administrative expenses		(20,832)	(57,679)
Operating profit		49,368	246
Other interest receivable and similar income		78	111
Interest payable and similar expenses		(74,844)	(76,739)
Loss before taxation		(25,398)	(76,382)
Tax on loss	5	<u>-</u>	<u>-</u>
Loss for the financial year and total comprehensive income		<u>(25,398)</u>	<u>(76,382)</u>
Retained losses at the start of the year		(76,382)	-
Retained losses at the end of the year		<u>(101,780)</u>	<u>(76,382)</u>

VS 106 Limited

Statement of Financial Position

31 March 2018

	Note	2018 £	2017 £
Fixed assets			
Investments property	6	2,004,500	2,004,500
Current assets			
Debtors	7	317	1,201
Cash at bank and in hand		86,120	84,016
		<u>86,437</u>	<u>85,217</u>
Creditors: amounts falling due within one year	8	<u>(50,061)</u>	<u>(58,334)</u>
Net current assets		<u>36,376</u>	<u>26,883</u>
Total assets less current liabilities		2,040,876	2,031,383
Creditors: amounts falling due after more than one year	9	<u>(2,142,655)</u>	<u>(2,107,764)</u>
Net liabilities		<u>(101,799)</u>	<u>(76,381)</u>
Capital and reserves			
Called up share capital		1	1
Profit and loss account		<u>(101,780)</u>	<u>(76,382)</u>
Shareholders deficit		<u>(101,799)</u>	<u>(76,381)</u>

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

These financial statements were approved by the director and authorised for issue on 24 December 2018



K J Barber
Director

Company registration number: 10001511

VS 106 Limited

Notes to the Financial Statements

Year ended 31 March 2018

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 compliance with Section 1A of FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and 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 2018, the company had net current assets of £36,376 and net liabilities of £101,799.

The company has the continued financial support of its ultimate controlling shareholder K R Spencer, who has confirmed that he will provide continuing support for at least 18 months from the date of approval of these financial statements. Based on this support, the company will have sufficient resources to meet its financial liabilities as they fall due and the director has therefore prepared the financial statements on the going concern basis.

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.

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.

VS 106 Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2018

3. Accounting policies *(continued)*

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.

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 106 Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2018

4. Staff costs

Aside from the director, who received no remuneration for the period there were no employees (2017: nil).

5. Tax on loss

Reconciliation of tax income

The tax assessed on the loss on ordinary activities for the period is higher than the standard rate of corporation tax in the UK of 19%.

	Year to 31 Mar 18 £	Period from 11 Feb 16 to 31 Mar 17 £
Loss on ordinary activities before taxation	(25,398)	(76,382)
Loss on ordinary activities by rate of tax	(4,826)	(15,276)
Group relief surrendered/(claimed)	4,730	–
Adjust closing deferred tax to average rate	10	2,291
Deferred tax not recognised	86	12,985
Tax on loss	–	–

6. Investment property

	Investment property £
Cost	
At 1 April 2017 and 31 March 2018	<u>2,004,500</u>
Carrying amount	
At 31 March 2018 and 31 March 2017	<u>2,004,500</u>

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 in the prior period.

VS 106 Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2018

7. Debtors

	2018 £	2017 £
Other debtors	317	1,201

8. Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	11	10
Amounts owed to group undertakings	39,760	49,425
Other creditors	10,290	8,899
	<u>50,061</u>	<u>58,334</u>

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

	2018 £	2017 £
Bank loans and overdrafts	1,296,750	1,296,750
Other creditors	845,905	811,014
	<u>2,142,655</u>	<u>2,107,764</u>

VS 106 Limited is committed to repay the aggregate of the Base Rate plus 2.75%, monthly, on the bank loan of £1,296,750 (2017: £1,296,750). 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.

10. Related party transactions

An amount of £845,905 (2017: £811,014) is included in other creditors at 31 March 2018 as owing to Ozbury Limited, a company which is wholly owned by K J Barber who is a director of VS 106 Limited. Of this balance, £775,358 (2017: £775,358) relates to funding provided to finance the purchase of the investment property and £70,547 (2017: £35,656) is the total amount of interest accrued to 31 March 2018. Interest on this loan is being charged at 4.5% per annum.

An amount of £1,296,750 (2017: £1,296,750) is included in bank loans and mortgages at 31 March 2018. As part of the terms for this bank loan, K J Barber is a guarantor and VS 506 Limited, a fellow subsidiary of SQIB Limited, is a security provider.

11. Controlling party

The immediate parent undertaking is SQIB Limited, a company registered in England and Wales. The smallest group for which consolidated accounts that include the company are prepared for is headed by SQIB Limited. Copies of these financial statements may be obtained from 45 Westerham Road, Bessels Green, Sevenoaks, Kent, TN13 2QB.

The ultimate parent undertaking is Armature Limited, which owns 75% shareholding in SQIB Limited. K R Spencer and A Spencer each hold a 50% shareholding in Armature Limited. The largest group for which consolidated accounts that include the company are prepared for is headed by Armature Limited. Copies of these financial statements may be obtained from 45 Westerham Road, Bessels Green, Sevenoaks, Kent, TN13 2QB.