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Watson's Property Limited

Unaudited Financial Statements

Year Ended

31 July 2023

Company Number 13490607

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Watson's Property Limited

Chartered Accountants' Report to the Board of Directors on the Unaudited Financial Statements of Watson's Property Limited For the Year Ended 31 July 2023

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Watson's Property Limited for the year ended 31 July 2023 which comprise the Statement of Financial Position, the Statement of Changes in Equity and the related notes from the company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at https://www.icaew.com/regulation/a-z.

It is your duty to ensure that Watson's Property Limited has kept adequate accounting records and to prepare statutory accounts that give a true and fair view of the assets, liabilities, financial position and loss of Watson's Property Limited. You consider that Watson's Property Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of Watson's Property Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory accounts.

Use of our report

This report is made solely to the board of Directors of Watson's Property Limited, as a body, in accordance with the terms of our engagement letter dated 4 May 2022. Our work has been undertaken solely to prepare for your approval the accounts of Watson's Property Limited and state those matters that we have agreed to state to the board of Directors of Watson's Property Limited, as a body, in this report in accordance with ICAEW Technical Release TECH07/16AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Watson's Property Limited and its board of Directors as a body for our work or for this report.

DocuSigned by:
BDO LLP
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BDO LLP
Birmingham
United Kingdom

Date: 31/7/2024

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

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Watson's Property Limited

Registered number:13490607

Statement of Financial Position
As at 31 July 2023

	Note	2023 £	2023 £	2022 £	2022 £
Fixed assets					
Tangible assets	4		**18,288**		25,238
Investments	5		**1**		1
			18,289		25,239
Current assets					
Stocks	6	**2,892,439**		1,473,381	
Debtors: amounts falling due within one year	7	**4,908,605**		4,705,186	
Cash at bank and in hand		**244,369**		60,294	
		8,045,413		6,238,861	
Creditors: amounts falling due within one year	8	**(6,240,205)**		(4,482,555)	
Net current assets			**1,805,208**		1,756,306
Creditors: amounts falling due after more than one year			**(2,250,000)**		(1,975,000)
Net liabilities			**(426,503)**		(193,455)
Capital and reserves					
Called up share capital	11		**100**		100
Profit and loss account			**(426,603)**		(193,555)
			(426,503)		(193,455)

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Watson's Property Limited

Registered number:13490607

Statement of Financial Position (continued)
As at 31 July 2023

The Directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

The Company has opted not to file the Statement of Comprehensive Income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

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A S L Watson
Director

Date: 31/7/2024

The notes on pages 5 to 12 form part of these financial statements.

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Watson's Property Limited

Statement of Changes in Equity
For the Year Ended 31 July 2023

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 August 2022	100	(193,555)	(193,455)
Comprehensive loss for year			
Loss for the year	-	(233,048)	(233,048)
Total comprehensive loss for the year	-	(233,048)	(233,048)
At 31 July 2023	100	(426,603)	(426,503)

Statement of Changes in Equity
For the 13 Month Period Ended 31 July 2022

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 2 July 2021	-	-	-
Comprehensive income for the 13 month period			
Loss for the period	-	(193,555)	(193,555)
Total comprehensive loss for the 13 month period	-	(193,555)	(193,555)
Contributions by and distributions to owners			
Shares issued during the period	100	-	100
Total transactions with owners	100	-	100
At 31 July 2022	100	(193,555)	(193,455)

The notes on pages 5 to 12 form part of these financial statements.

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Watson's Property Limited

Notes to the Financial Statements
For the Year Ended 31 July 2023

1. General information

Watson's Property Limited, registered number: 13490607, presents its financial statements for the year ended 31 July 2023.

Watson's Property Limited is a limited liability company, registered in England and Wales and was incorporated under the Companies Act. The registered office of the C/O Bdo Llp Two Snowhill, 7th Floor, Birmingham, United Kingdom, B4 6GA.

The principal activity of the Company during the year was that of buying and selling of real estate and the leasing of rental property.

A summary of the Company's accounting policies, which have been consistently applied, are set out below:

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' and the requirements of the Companies Act 2006. The disclosure requirements of Section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The Company's functional and presentational currency is GBP and the financial statements are rounded to the nearest £.

2.2 Going concern

The Directors believe that the Company has adequate financial resources available to meet commitments as they fall due. Accordingly, the financial statements continue to be prepared using the going concern basis of accounting.

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2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.5 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.6 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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2. Accounting policies (continued)

2.7 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Motor vehicles	-	25%
Computer equipment	-	33%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each reporting date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each reporting date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.9 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.10 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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2. Accounting policies (continued)

2.12 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.13 Financial instruments

The Company has elected to apply the provisions of Section 11 "Basic Financial Instruments" of FRS 102 to all of its financial instruments.

3. Employees

The average monthly number of employees, including Directors, during the year ended 31 July 2023 was 3 (13 month period ended 31 July 2022 - 1).

4. Tangible fixed assets

	Motor vehicles £	Computer equipment £	Total £
Cost or valuation			
At 1 August 2022	**30,710**	**4,425**	**35,135**
Additions	**-**	**155**	**155**
At 31 July 2023	**30,710**	**4,580**	**35,290**
Depreciation			
At 1 August 2022	**8,317**	**1,580**	**9,897**
Charge for the year	**5,598**	**1,507**	**7,105**
At 31 July 2023	**13,915**	**3,087**	**17,002**
Net book value			
At 31 July 2023	**16,795**	**1,493**	**18,288**
At 31 July 2022	22,393	2,845	25,238

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5. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 August 2022	1
At 31 July 2023	1

6. Stocks

	2023 £	2022 £
Work in progress	**2,892,439**	1,473,381

Work in progress represents properties undergoing renovation/development, these properties are deemed as held for sale. These properties are subject to fixed and floating charges in respect of related borrowings.

7. Debtors

	2023 £	2022 £
Trade debtors	**2,762**	-
Amounts owed by group undertakings	**4,613,417**	4,670,266
Amounts owed by joint ventures and associated undertakings	**26,146**	-
Other debtors	**266,280**	34,920
	4,908,605	4,705,186

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8. Creditors: Amounts falling due within one year

	2023 £	2022 £
Bank overdrafts	**2,452**	-
Trade creditors	**6,927**	6,854
Amounts owed to other participating interests	**4,029,250**	4,216,334
Corporation tax	**3,113**	3,113
Other taxation and social security	**29,446**	337
Other creditors	**41,978**	6,113
Accruals and deferred income	**52,919**	19,804
Share capital treated as debt	**2,074,120**	230,000
	6,240,205	4,482,555

Share capital treated as debt consists of Class A and B Redeemable Preference Shares, which do not entitle the holders of such shares to vote, receive copies of any written resolutions or to receive notice of, or attend, any general meetings. These shares carry a coupon rate of 4% which shall be paid at the discretion of the Directors. With the prior written consent of all Shareholders, the holders of the A and B Redeemable Preference Shares may require the Company, by serving on it a notice (the "Shareholder Redemption Notice"), to redeem such amount of Preferred Shares as is specified in the Shareholder Redemption Notice. Interest accrued of £35,887 (2022 - £5,118) relating to these shares is included within accruals and deferred income.

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

	2023 £	2022 £
Bank loans	**2,250,000**	1,975,000

The Company has a £5,000,000 drawdown facility from Barclays that is structured as an interest-only loan and is repayable within three years. During the year ended 31 July 2023, £1,800,000 has been repaid (2022 - £Nil) and £2,075,000 has been drawn down (2022 - £1,929,600) and is accruing interest at 7.3% per annum.

10. Loans

Analysis of the maturity of loans is given below:

	2023 £	2022 £
Amounts falling due 2-5 years		
Bank loans	**2,250,000**	1,975,000

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11. Share capital

	2023 £	2022 £
Shares classified as equity		
Allotted, called up and fully paid		
100 (2022 - 100) Ordinary shares of £1.00 each	**100**	100

	2023 £	2022 £
Shares classified as debt		
Allotted, called up and fully paid		
693,520 (2022 - 230,000) A Redeemable Preference shares of £1.00 each	**693,520**	230,000
1,380,600 (2022 - 0) B Redeemable Preference shares of £1.00 each	**1,380,600**	-
	2,074,120	230,000

On 11 April 2023, 1,380,600 B Redeemable Preference shares of £1 nominal value each were issued at par, with a total nominal value of £1,380,600.

On 28 April 2023, 463,520 A Redeemable Preference shares of £1 nominal value each were issued at par, with a total nominal value of £463,520.

Ordinary shares are standard ordinary shares with full voting rights, payment of dividends and distributions.

A and B Redeemable Preference shares have attached to them cumulative dividend, redemption and return of capital on winding up rights; they do not confer any voting rights.

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12. Related party transactions

The Company has taken advantage of the exemption provisions under FRS 102 s33 from disclosing transactions with wholly owned group companies.

During the year the Company has received monies by drawing down available loans from Alpha Whiskey Limited, whose immediate and ultimate controlling party is A S L Watson who is also a Director of Alpha Whiskey Limited. A S L Watson is also a Director of Watson's Property Limited.

The first loan for £3,479,250, which was fully drawn within the year ended 31 July 2022, remains outstanding and is accruing 2% interest per annum and is repayable by 31 Jan 2032 or earlier if by mutual agreement.

The second loan for £2,000,000, has been part drawn down and repaid to leave a net balance as at 31 July 2023 of £550,000 (2022 - £700,000), is accruing 3% interest per annum and is repayable by 31 Jan 2033 or earlier if by mutual agreement.

Interest of £97,493 (2022 - £37,084) has been recognised within the year relating to both of these loans and is included within interest payable.

At the Statement of Financial Position date included within other debtors is an amount of £9,225 (2022 - £9,225) owed by The Alex Watson Family Settlement 2016 Trust. This amount is interest free and repayable on demand.

At the Statement of Financial Position date included within other debtors is an amount of £800 (2022 - £Nil) owed by A Watson, a Director of the Company. This amount is interest free and repayable on demand.

13. Controlling party

The immediate and ultimate controlling party of the Company is The Alex Watson Family Settlement 2016 Trust.