

Financial Statements for the Year Ended 28 February 2022

for

Reynold 123 Limited

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for the Year Ended 28 February 2022

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Reynold 123 Limited
Company Information
for the Year Ended 28 February 2022

DIRECTORS: S W Smith
P Smith

SECRETARY: K M Liddle

REGISTERED OFFICE: 2nd Floor Offices
52-54 King Street
Stirling
FK8 1AY

REGISTERED NUMBER: SC416421 (Scotland)

SENIOR STATUTORY AUDITOR: Derek J Smith

AUDITORS: Rennie Smith & Co
Statutory Auditors
Chartered Accountants
64 Murray Place
Stirling
FK8 2BX

Reynold 123 Limited (Registered number: SC416421)

Balance Sheet
28 February 2022

	Notes	2022 £	£	2021 £	£
FIXED ASSETS					
Tangible assets	4		100,000		1,187,586
CURRENT ASSETS					
Stocks		67,645		46,695	
Debtors	5	233,570		195,229	
Cash at bank and in hand		<u>358,212</u>		<u>124,819</u>	
		659,427		366,743	
CREDITORS					
Amounts falling due within one year	6	<u>1,674,484</u>		<u>2,387,588</u>	
NET CURRENT LIABILITIES			<u>(1,015,057)</u>		<u>(2,020,845)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			(915,057)		(833,259)
CREDITORS					
Amounts falling due after more than one year	7		<u>828,502</u>		<u>149,950</u>
NET LIABILITIES			<u>(1,743,559)</u>		<u>(983,209)</u>
CAPITAL AND RESERVES					
Called up share capital	11		200		200
Retained earnings	12		<u>(1,743,759)</u>		<u>(983,409)</u>
SHAREHOLDERS' FUNDS			<u>(1,743,559)</u>		<u>(983,209)</u>

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

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the Board of Directors and authorised for issue on 17 February 2023 and were signed on its behalf by:

P Smith - Director

The notes form part of these financial statements

Notes to the Financial Statements
for the Year Ended 28 February 2022

1. STATUTORY INFORMATION

Reynold 123 Limited is a private company, limited by shares, registered in Scotland. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Going concern

The balance sheet at 28 February 2022 shows net current liabilities of £1,015,057. However, there is no fixed date for redemption of the remainder of the preference shares and it is not the intention of the directors to redeem those shares until the company has sufficient liquidity. In addition, the loan notes which were repayable in October 2021 and, other loans from shareholders and associates, as mentioned at notes 16 have been classified as short term but it is not the intention of those parties to seek repayment with the next 12 month period. Management has therefore, determined that the company has sufficient liquidity and that it is appropriate to use the going concern basis of accounting in the preparation of the financial statements,

Critical accounting judgements and key sources of estimation uncertainty

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

Taxation

Management establish provisions based on reasonable estimates, for possible consequences of taxation. The amount of the provision is based on various factors. Management's estimation is required to determine the amount of deferred tax that can be recognized based on likely timing and level of future taxable profits.

Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing assets lives, factors such as technology innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Following such a review, and in accordance with Financial Reporting Standard 102, the directors consider it appropriate to fully impair the value of the leasehold interest and impair the fixtures and fittings to a value which fairly reflects their actual current value.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Leasehold improvements	- 10% on cost
Fixtures and fittings	- 10% on cost

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Notes to the Financial Statements - continued
for the Year Ended 28 February 2022

2. ACCOUNTING POLICIES - continued

Financial instruments

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

Where the contractual obligations of the financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classified as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

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 and are readily convertible to known amounts of cash with insignificant risk of change in value.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 116 (2021 - 89) .

Notes to the Financial Statements - continued
for the Year Ended 28 February 2022

4. TANGIBLE FIXED ASSETS

	Leasehold improvements £	Fixtures and fittings £	Totals £
COST			
At 1 March 2021	1,427,589	388,997	1,816,586
Additions	16,056	65,676	81,732
At 28 February 2022	<u>1,443,645</u>	<u>454,673</u>	<u>1,898,318</u>
DEPRECIATION			
At 1 March 2021	505,073	123,927	629,000
Charge for year	143,062	40,862	183,924
Impairments	795,510	189,884	985,394
At 28 February 2022	<u>1,443,645</u>	<u>354,673</u>	<u>1,798,318</u>
NET BOOK VALUE			
At 28 February 2022	-	100,000	100,000
At 28 February 2021	<u>922,516</u>	<u>265,070</u>	<u>1,187,586</u>

5. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £	2021 £
Amounts owed by associates	121,423	22,468
Other debtors	<u>112,147</u>	<u>172,761</u>
	<u>233,570</u>	<u>195,229</u>

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £	2021 £
Bank loans and overdrafts	140,892	758,333
Trade creditors	262,774	92,038
Amounts owed to associates	5,000	145,649
Taxation and social security	485,381	330,307
Other creditors	<u>780,437</u>	<u>1,061,261</u>
	<u>1,674,484</u>	<u>2,387,588</u>

7. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2022 £	2021 £
Bank loans	428,552	-
Other creditors	<u>399,950</u>	<u>149,950</u>
	<u>828,502</u>	<u>149,950</u>

Notes to the Financial Statements - continued
for the Year Ended 28 February 2022

8. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2022 £	2021 £
Within one year	200,000	200,000
Between one and five years	733,333	800,000
In more than five years	-	133,333
	<u>933,333</u>	<u>1,133,333</u>

9. SECURED DEBTS

The following secured debts are included within creditors:

	2022 £	2021 £
Bank loans	<u>569,444</u>	<u>758,333</u>

The bank hold a floating charge over all the property or undertakings of the company.

10. FINANCIAL INSTRUMENTS

The issued preference shares in the company was 149,950 shares of £1 each as at the balance sheet date. Those shares carry no voting rights but the holders of the shares are entitled to a fixed cumulative dividend at the rate of 3.5% per annum on the nominal value of the preference shares. The unpaid cumulative dividend at the balance sheet date was £21,663..

In addition, the shareholders hold loan notes in the total amount of £500,000. Those notes, which are not transferable, are unsecured and bear an interest rate of 10%. The loan notes were repayable on 26 October 2021 and are now treated as payable on demand .The unpaid cumulated interest on those notes at the balance sheet date was £119,247.

11. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2022 £	2021 £
200	Ordinary	£1	<u>200</u>	<u>200</u>

12. RESERVES

	Retained earnings £
At 1 March 2021	(983,409)
Deficit for the year	<u>(760,350)</u>
At 28 February 2022	<u>(1,743,759)</u>

Notes to the Financial Statements - continued
for the Year Ended 28 February 2022

13. DISCLOSURE UNDER SECTION 444(5B) OF THE COMPANIES ACT 2006

The report of the auditor was unqualified but included reference to a material uncertainty relating to going concern in the following terms.

As disclosed in the notes to the accounts, the net current liabilities as at the balance sheet date were £1,015,057. In auditing the financial statements, we have, therefore, concluded that there may be a material uncertainty with regard to going concern. However, the directors have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate and have made full disclosure in the notes to the financial statements, including full impairment of the company's leasehold interest.. Our opinion is, therefore, not modified in that respect.

14. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The directors advanced loans to the company in previous years and received repayment of £106,500 against those loans during the year under review together with expenses of £1,544. The balance remaining outstanding at the balance sheet date was £86,368. Those loans which have no fixed term of repayment are unsecured but interest at the rate of 10% has been accrued on the outstanding balance. The unpaid accumulated interest at the balance sheet date was £178,478.

Notes to the Financial Statements - continued
for the Year Ended 28 February 2022

15. RELATED PARTY DISCLOSURES

Lochrise Limited

During the period under review, Reynold 123 Limited transferred funds to Lochrise Limited in the amount of £50,369.

Lochrise Limited had advanced funds to the company in prior years in the amount of £107,563. Any outstanding balance on this loan is unsecured but interest at the rate of 8% has been accrued on the outstanding balance. The unpaid accumulated interest at the balance sheet date was £40,431.

The balance due from Lochrise Limited at the balance sheet date as a result of the aforementioned transactions was in the amount of £50,368 (2021- £0).

City Falkirk Limited

During the period under review, the company advanced £2,554 to City Falkirk Limited and that company raised invoices and charges to Reynold 123 Limited to the value of £5,017 during the year concerned.

The balance due from City Falkirk Limited at the balance sheet date was in the amount of £19,924 (2021 - £(22,384)).

Fubar Stirling Limited

During the year under review, Fubar Stirling incurred expenses of £7,606 (2021 - £1,655) on behalf of Reynold 123 Limited and Reynold 123 Limited incurred expenses of £5,021 (2021 - 0) on behalf of Fubar Stirling Limited.

The balance due to Fubar Stirling Limited at the balance sheet date was in the amount of £5,000 (2021 - £2,415).

Endeavour Hospitality Limited

During the year under review the company advanced £6,572 (2021 - £150,000) to Endeavour Hospitality Limited. In addition, Endeavour Hospitality Limited raised management charges of £250,000, to Reynold 123 Limited and paid expenses of £187,791 on behalf of the company.

The balance due from Endeavour Hospitality at the balance sheet date was £51,129 (2021 - £(143,234)).

Other disclosures

Management charges of £100,000 were paid to companies under the control of the directors. .

16. GOING CONCERN

Due to circumstances outwith the control of management, the bank covenant was not met in the year to 28 February 2022 and, as a result, the long term secured debt would become payable on demand. In accordance with Financial Reporting Standard 102, the long term debt has been treated as current. However, the directors are not aware of any proposals from the shareholders or other lenders to demand repayment of their debt. With their continued support it is considered the company can continue as a going concern.

17. ULTIMATE CONTROLLING PARTY

The company is under the control of the shareholders.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.