

# RENEWAL GROUP LIMITED

Directors' report & financial  
statements for the year ended

31<sup>st</sup> December 2018

Company Number 126986C

# RENEWAL GROUP LIMITED

## Company Information

Directors	D. J. Morgan A. L. Slee M. H. Malik M. Angst
Secretary	Eight Secretaries Limited
Company Number	126986C (Isle of Man)
Registered Office	8 St. George's Street Douglas Isle of Man IM1 1AH
Auditors	BDO LLP 55 Baker Street London W1U 7EU

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# RENEWAL GROUP LIMITED

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**Directors' report**  
**For the year ended 31<sup>st</sup> December 2018**

The directors present their report and the audited financial statements for the year ended 31<sup>st</sup> December 2018.

**Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Acts 1931 to 2004. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Principal activity**

The company's principal activity is property investment and development.

**Results and dividends**

The results of the company are set out in the Statement of Comprehensive Income on page 6. The directors do not recommend the payment of a dividend (2017 - £nil)

**Directors**

The directors who held office during the year and their beneficial interests in the company's issued ordinary share capital were:

	Number of shares	
	2018	2017
D. J. Morgan	Nil	Nil
A. L. Slee	Nil	Nil
M. H. Malik	Nil	Nil
M. Angst	Nil	Nil

Gillian Regina Roth, appointed as Alternate Director to Marc Angst on 5 April 2017, resigned on 5 April 2018. Richard Alain Legrand was appointed as Alternate Director to Marc Angst on 5 April 2018.

**Provision of information to auditor**

Each of the persons who are directors at the time when this director's report is approved has confirmed that:


- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.

## Directors' report For the year ended 31<sup>st</sup> December 2018

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The directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

This report was approved by the Board of Directors on 8th July 2019



For and on behalf of Eight Secretaries Limited  
Secretary

**Auditor's report  
For the year ended 31<sup>st</sup> December 2018**

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**INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF RENEWAL GROUP LIMITED****Opinion**

We have audited the financial statements of Renewal Group Limited ("the Company") for the year ended 31 December 2018 which comprises the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity 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 Generally Accepted Accounting Principles.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Principles; and
- have been prepared in accordance with the requirements of the Isle of Man Companies Acts 1931 to 2004.

**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 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.~~

## Auditor's report For the year ended 31<sup>st</sup> December 2018

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### Other information continued

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.

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

We have nothing to report in respect of the following matters where the Companies Acts 1931 to 2004 us to report to you if, in our opinion:

- proper books of accounts have not been kept by the Company and proper returns adequate for our audit have not been received from branches not visited by us; or
- the Company's primary financial statements which comprises the Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity are not in agreement with the books of accounts and returns; or
- certain disclosures of Directors' remunerations specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities 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 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 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:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## Auditor's report

For the year ended 31<sup>st</sup> December 2018

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### Use of our report

This report is made solely to the Company's members, as a body, in accordance with Section 15 of the Isle of Man Companies Act 1982. 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.

**BDO LLP**

Chartered Accountants

London

United Kingdom

Date

  
9 July 2019

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



## Statement of Comprehensive Income For the year ended 31<sup>st</sup> December 2018

	Note	2018 £	2017 £
UK Rental Income	2c	2,369,049	2,069,417
UK Rental Expenses	2c	(2,393,847)	(2,434,536)
<b>Net rental expense</b>		<b>(24,798)</b>	<b>(365,119)</b>
Administrative expenses		(905)	(905)
Other expenses		(4,180)	(4,180)
<b>Operating loss</b>	5	<b>(29,883)</b>	<b>(370,204)</b>
Interest receivable		7	-
Interest on shareholder loans	13	(3,853,703)	(4,167,063)
Foreign exchange loss		(220)	(928)
<b>Loss on ordinary activities before taxation</b>		<b>(3,883,799)</b>	<b>(4,538,195)</b>
Taxation	4	-	-
<b>Loss on ordinary activities after taxation and Total comprehensive loss for the year</b>		<b>(3,883,799)</b>	<b>(4,538,195)</b>

The Directors consider that all results derive from continuing activities.

There were no recognised gains or losses for 2018 or 2017 other than those included in the Statement of Comprehensive Income.

The notes on pages 9 to 14 form part of these financial statements.

## Statement of Financial Position

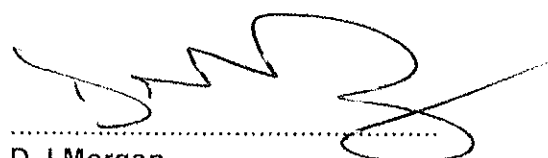
As at 31<sup>st</sup> December 2018

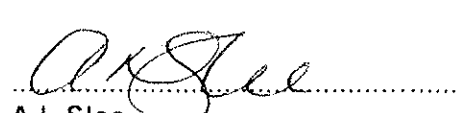
Company Number 126986C (Isle of Man)

	Note	£	2018 £	2017 £
<b>Fixed assets</b>				
Investments	6		2,110	2,110
<b>Current assets</b>				
Stock	7	40,585,069		40,013,108
Debtors	8	16,012,435		15,535,286
Cash at bank		43,187		61,637
		<u>56,640,691</u>		<u>55,610,031</u>
<b>Creditors: amounts falling due within one year</b>	9	<u>(3,311,500)</u>		<u>(68,751,191)</u>
<b>Net current assets/(liabilities)</b>			<u>53,329,191</u>	<u>(13,141,160)</u>
<b>Total assets less current liabilities</b>			<u>53,331,301</u>	<u>(13,139,050)</u>
<b>Creditors: amounts falling due after more than one year</b>	10		<u>(77,404,150)</u>	<u>(7,050,000)</u>
<b>Net liabilities</b>			<u>(24,072,849)</u>	<u>(20,189,050)</u>
<b>Capital and reserves</b>				
Called up share capital	11		2	2
Retained earnings	12		<u>(24,072,851)</u>	<u>(20,189,052)</u>
<b>Deficit in shareholders' funds</b>			<u>(24,072,849)</u>	<u>(20,189,050)</u>

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 were approved by the board of directors on 8th July 2019 and signed on their behalf by:

  
 D.J. Morgan  
 Director

  
 A.L. Slee  
 Director

## Statement of Changes in Equity For the year ended 31<sup>st</sup> December 2018

	Share Capital £	Retained Earnings £	Total Deficit £
At 1 <sup>st</sup> January 2017	2	(15,650,857)	(15,650,855)
Comprehensive loss for the year	-	(4,538,195)	(4,538,195)
At 31 <sup>st</sup> December 2017	2	(20,189,052)	(20,189,050)
At 1 <sup>st</sup> January 2018	2	(20,189,052)	(20,189,050)
Comprehensive loss for the year	-	(3,883,799)	(3,883,799)
At 31 <sup>st</sup> December 2018	2	(24,072,851)	(24,072,849)

## Notes to the financial statements For the year ended 31<sup>st</sup> December 2018

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### 1. General Information

Renewal Group Limited is a private company, limited by shares, incorporated in the Isle of Man under the Companies Act 1931-2004. The address of the registered office is given on the company information page and the nature of the company's operations and principal activity are set out in the Directors' report.

### 2. Summary of significant accounting policies

#### a) Basis of preparation of financial statements

The financial statements have been prepared in accordance with FRS 102 Section 1A Small Entities.

The preparation of financial statements in compliance with FRS 102 Section 1A requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The financial statements have been prepared on the historical cost basis.

The financial statements contain information about Renewal Group Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken the exemption conferred by Section 4 of the Isle of Man Companies Act 1982.

#### b) Going Concern

The financial statements have been prepared on the going concern basis, which is dependent on the continued support of the beneficial owners as detailed in Note 10.

#### c) Income and Expenses

All income and expenses have been accounted for on an accruals basis.

#### d) Stock

Stock comprises freehold properties which are shown at their original cost, including building and renovation expenses and costs associated in obtaining planning permission. Stock is held at the lower of cost and net realisable value.

#### e) Financial assets

Financial assets are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

#### f) Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instruments contractual obligations, rather than the financial instruments legal form. Financial liabilities, excluding convertible debt and derivatives, are initially measured at transaction price (including costs) and subsequently held at amortised cost.

**Notes to the financial statements**  
**For the year ended 31<sup>st</sup> December 2018**

**3. Judgements in applying accounting policies and key sources of estimation uncertainty**

In preparing these financial statements, the Directors have made no judgements that could have a material effect on the result of shareholders' funds.

**4. Taxation**

Income tax for companies in the Isle of Man is zero percent, so no provision has been made in these financial statements.

The company is subject to UK income tax on its UK net rental income at the non-resident landlord rate of 20%.

	2018 £	2017 £
UK income taxation at 20% on net rental income	-	-

**5. Operating Loss**

	2018 £	2017 £
This has been arrived at after charging:		
Auditors' remuneration – audit services	9,225	10,455
Bank loan interest	221,309	211,554
	<u>230,534</u>	<u>222,009</u>

During the year, no director received any emoluments (2017 - £Nil) There were no employees other than the Directors.

**6. Investments**

	2018 £	2017 £
Renewal Brands Limited	100	100
Renewal One Limited	1	1
Renewal Two Limited	1	1
Renewal Three Limited	1	1
Renewal Four Limited	1	1
Renewal Five Limited	1	1
Renewal Six Limited	1	1
Renewal Seven Limited	1	1
Renewal Eight Limited	1	1
Renewal Nine Limited	1	1
Renewal Ten Limited	1	1
Renewal Limited	2,000	2,000
	<u>2,110</u>	<u>2,110</u>

All of the above companies are incorporated in the Isle of Man. They are all 100% owned and the investment is in the ordinary share capital with a nominal value of £1.

## Notes to the financial statements For the year ended 31<sup>st</sup> December 2018

### 7. Stock

The stock is made up of freehold properties which are shown at their original cost, including building and renovation expenses and costs associated in obtaining planning permission. The properties have not been formally revalued as in the opinion of the Directors no useful purpose would be served. The Directors are of the opinion that they are worth not less than the cost shown.

	2018 £	2017 £
Stock	40,585,069	40,013,108

### 8. Debtors

	2018 £	2017 £
Funds held by solicitors regarding property purchase	-	26,441
Trade debtors	599,800	556,676
Renewal Limited	9,190,216	9,184,090
Renewal Holdings Limited	1,378,652	1,069,421
Renewal New Bermondsey Two Limited	3,507,737	3,507,737
Surrey Canal Sports Foundation	1,336,030	1,164,527
Prepaid loan arrangement fee	-	26,394
	16,012,435	15,535,286

All the loans are unsecured and interest free and are repayable on demand.

All other amounts shown under debtors fall due for payment within one year

**Notes to the financial statements**  
**For the year ended 31<sup>st</sup> December 2018**

**9. Creditors: amounts falling due within one year**

	2018 £	2017 £
Accruals	19,713	15,254
Rental deposits	171,182	162,093
Trade creditors	370,148	466,170
Deposit Protection Scheme	42,904	40,774
Deferred rental income	896,384	740,150
Incorporated Holdings Limited	1,811,169	66,594,282
Independent Advisors Incorporated	-	732,468
	<u>3,311,500</u>	<u>68,751,191</u>

The loan from Incorporated Holdings Limited was unsecured, had no fixed repayment date and interest was charged at 10/20% per annum depending on what the loan was required for until 28<sup>th</sup> December 2018, when the loan became unsecured, interest is charged at 10% per annum and the loan became repayable on 31<sup>st</sup> December 2028. The figure of £1,811,169 remaining in creditors: amounts falling due within one year represents the now disallowed 10% element of the 20% interest rate which has accrued from May 2013 to December 2018.

The loan from Independent Advisors Incorporated was unsecured, had no fixed repayment date and interest was charged at 10% per annum until 28<sup>th</sup> December 2018, when the loan became unsecured, interest is charged at 10% per annum and the loan became repayable on 31<sup>st</sup> December 2028.

**10. Creditors: amounts falling due after more than one year**

	2018 £	2017 £
Bank loan	7,050,000	7,050,000
Incorporated Holdings Limited	69,581,001	-
Independent Advisors Incorporated	773,149	-
	<u>77,404,150</u>	<u>7,050,000</u>

The bank loan is secured over certain property assets held within stock and expires on 7<sup>th</sup> April 2020. Interest is charged at 2.5% above LIBOR.

The loan from Incorporated Holdings Limited is unsecured, interest is charged at 10% per annum and the loan is repayable on 31<sup>st</sup> December 2028. The Directors of Incorporated Holdings Limited have confirmed that the total repayment of the loan will not be sought until all other liabilities of the company have been met.

The loan from Independent Advisors Incorporated is unsecured, interest is charged at 10% per annum and the loan is repayable on 31<sup>st</sup> December 2028.

**Notes to the financial statements**  
**For the year ended 31<sup>st</sup> December 2018**

**10. Creditors: amounts falling due after more than one year continued**

The maturity of sources of debt finance are as follows:

	2018 £	2017 £
In one year or less, or on demand	-	-
In more than one year but not more than two years	7,050,000	7,050,000
In more than two years but not more than five years	-	-
In more than five years	70,354,150	-
	<u>77,404,150</u>	<u>7,050,000</u>

**11. Called up share capital**

	2018 £	2017 £
<b>Authorised</b>		
2,000 ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>
<b>Issued and fully paid</b>		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

**12. Retained earnings**

Retained earnings represents cumulative profits or losses, net of dividends paid and other adjustments.

**13. Related Party Transactions**

During the year the company had a number of loans with companies which are related parties due to common ownership. During the year cash was loaned between the various companies resulting in the following year end balances.

Amounts owed by these companies at the year end were as follows:

	2018 £	2017 £
Renewal Limited	9,190,216	9,184,090
Renewal Holdings Limited	1,378,652	1,069,421
Renewal New Bermondsey Two Ltd	3,507,737	3,507,737
	<u>14,076,605</u>	<u>13,761,248</u>



**Notes to the financial statements**  
**For the year ended 31<sup>st</sup> December 2018**

**13. Related Party Transactions continued**

Amounts owed to these companies at the year end were as follows:

	2018 £	2017 £
Incorporated Holdings Limited	71,392,170	66,594,282
Independent Advisors Incorporated	773,149	732,468
	<u>72,165,319</u>	<u>67,326,750</u>

Included within the above are the following amounts of interest charged to the company as follows:

	2018 £	2017 £
Incorporated Holdings Limited	3,813,023	4,126,383
Independent Advisors Incorporated	40,680	40,680
	<u>3,853,703</u>	<u>4,167,063</u>

**14. Controlling Party**

The company is a wholly owned subsidiary of Renewal Holdings Limited, a company incorporated in the Isle of Man. The balance on the loan account is detailed in Note 8.

Renewal Holdings Limited is owned 50% by Independent Advisors Incorporated and 50% by Incorporated Holdings Limited.

Independent Advisors Incorporated is a company incorporated in the Isle of Man. The balance on the loan account with Independent Advisors Incorporated is detailed in Note 10.

Incorporated Holdings Limited is ultimately owned by the Bulgham Charitable Trusts, an Isle of Man discretionary Settlement. David Morgan and Amy Slee are directors of Renewal Holdings Limited and Incorporated Holdings Limited. They are also directors of St James's Trustees Limited, a Trustee of The Bulgham Charitable Trusts. The balance on the loan account with Incorporated Holdings Limited is detailed in note 9 and 10.

Renewal Limited, a company incorporated in the Isle of Man, is a wholly owned subsidiary of the company. The balance on the loan account is detailed in Note 8.

The accounts of Renewal Group Limited, Renewal Holdings Limited, Renewal Limited and Incorporated Holdings Limited are available to the public and may be obtained from 8 St. George's Street, Douglas, Isle of Man, IM1 1AH

## Detailed profit and loss account For the year ended 31<sup>st</sup> December 2018

	Note	£	2018 £	2017 £
<b>Turnover</b>			-	-
<b>Cost of Sales</b>				
Opening stock	2d/7	40,013,108		40,013,108
Purchases	7	571,961		-
Closing stock	2d/7	40,585,069 (40,585,069)		40,013,108 (40,013,108)
<b>Gross profit</b>			-	-
<b>Rental Income</b>	2c			
UK Rental income			2,217,406	1,948,370
Service charges			151,643	121,047
			2,369,049	2,069,417
<b>Rental Expenses</b>	2c			
Accountancy and administration fees		22,539		16,273
Bank charges		1,358		1,180
Directors' fees		1,470		1,500
Light and Heat		7,107		6,827
IHL Management fees		443,345		-
Insurance		66,594		82,254
Legal and professional fees		635,540		975,395
Letting fees		(11,000)		11,000
Loan arrangement fees		26,394		30,006
Loan interest		221,309		211,554
Management fees		914,480		914,480
Office costs		492		1,590
Rates		2,601		1,711
Repairs and maintenance		58,068		180,766
Valuation fees		3,550		-
			(2,393,847)	(2,434,536)
<b>Net Rental expense before taxation</b>			(24,798)	(365,119)
<b>Administrative Expenses</b>				
Filing fees and registered office fee		905		905
			(905)	(905)
<b>Other expenses</b>				
Subsidiary expenses		4,180		4,180
			(4,180)	(4,180)
<b>Operating loss</b>	5		(29,883)	(370,204)
<b>Bank Interest receivable</b>			7	-
Interest on shareholder loans	13		(3,853,703)	(4,167,063)
Foreign exchange loss			(220)	(928)
<b>Loss on ordinary activities before taxation</b>			(3,883,799)	(4,538,195)