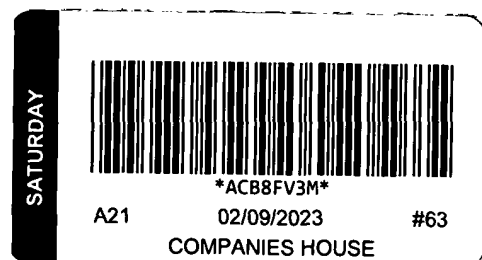


Registered number: 696317

**CADOGAN HOLDINGS LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**31 DECEMBER 2022**



# **CADOGAN HOLDINGS LIMITED**

**31 DECEMBER 2022**

## **CORPORATE INFORMATION**

<b>Directors:</b>	H R Seaborn S Patel P M Loutit
<b>Secretary:</b>	P M Loutit
<b>Registered office:</b>	10 Duke of York Square London SW3 4LY United Kingdom
<b>Registered number:</b>	696317
<b>Auditor:</b>	BDO LLP 55 Baker Street London W1U 7EU

**CADOGAN HOLDINGS LIMITED**  
**REGISTERED NUMBER: 696317**

**STRATEGIC REPORT**

The directors present their strategic report for the year ended 31 December 2022.

**REVIEW OF THE BUSINESS**

The company is a wholly owned subsidiary of Chelsea Land Limited and a review of the company's business is included within the group's consolidated financial statements of Cadogan Group Limited, Chelsea Land Limited's immediate parent undertaking.

During the year the company recorded a profit attributable to shareholders of £29,547,000 (2021 – £1,081,000).

**APPROACH TO RISK MANAGEMENT**

The company is a member of a group which is a long term property investor with a focus on high quality property assets located in central London. The group has appropriate policies in place to identify, assess and manage the risks faced by the business. Because of its private ownership and long term outlook the group aims for, and is able to achieve, a high level of resilience in all areas of its business.

A detailed review of the group's approach to dealing with its principal risks and uncertainties is set out in the consolidated financial statements of Cadogan Group Limited.

By order of the board



PM Loutit  
Secretary  
4 May 2023

## **CADOGAN HOLDINGS LIMITED**

**REGISTERED NUMBER: 696317**

### **DIRECTORS' REPORT**

The directors present their report and financial statements for the year ended 31 December 2022.

#### **PRINCIPAL ACTIVITY**

The principal activity of the company continues to be that of property investment.

#### **DIVIDENDS**

An interim dividend of £17,149,000 (2021 – £8,888,000, as restated) was declared and paid during the year.

#### **FUTURE DEVELOPMENTS**

The directors do not anticipate any major change in the company's principal activity outlined above in the foreseeable future.

#### **FINANCIAL RISK MANAGEMENT**

A summary of approach to risk management has been included in the strategic report.

#### **DIRECTORS**

Of the directors listed on page 1, all held office for the financial year and up to the date of this report.

The company has granted an indemnity to its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in Section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' Report.

#### **GOING CONCERN**

The directors have considered the appropriateness of adopting the going concern basis in preparing the financial statements for the year ended 31 December 2022.

The company is reliant on Cadogan Group Limited for funding needs to ensure that it can meet its liabilities as they fall due. The directors of the company have satisfied themselves that Cadogan Group Limited is able to provide the support indicated and this assessment is based on the Cadogan Group Limited financial forecasts of the Group for the period to 30 June 2024.

Based on these forecasts and the directors' knowledge of Cadogan's property portfolio and the market in which it operates, the directors have a reasonable expectation that, with the funding support of Cadogan Group Limited, the company has adequate resources to continue in operational existence for at least 12 months from the date of approval of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

# **CADOGAN HOLDINGS LIMITED**

## **DIRECTORS' REPORT**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102.

Under company law the directors must not approve the financial statements unless they are satisfied that they 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

### **DISCLOSURE OF INFORMATION TO THE AUDITOR**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

### **AUDITOR**

BDO LLP was appointed as auditor during the year.

By order of the board



P M Loutit  
Secretary  
4 May 2023

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CADOGAN HOLDINGS LIMITED**

### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Cadogan Holdings Limited ("the Company") for the year ended 31 December 2022 which comprise Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity, 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

### **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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

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.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the Strategic 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CADOGAN HOLDINGS LIMITED (continued)**

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

### **Other Companies Act 2006 reporting**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

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 Strategic report or the Directors' 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 Directors' remuneration 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 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CADOGAN HOLDINGS LIMITED (continued)**

### **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.

### *Extent to which the audit was capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Through our knowledge of the company and its sector we obtained an understanding of the legal and regulatory framework applicable to the company and the sector in which it operates and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud. We performed our own checks of compliance with relevant requirements including, but not limited to, the Companies Act 2006 and legislation relevant to the rental of properties. We considered the company's own control environment for monitoring its compliance with laws and regulation, in addition to performing our own procedures.

Our procedures included agreeing the financial statement disclosures to underlying supporting documentation where relevant, review of Board and Committee meeting minutes, and enquiries with management as to their identification of any non-compliance with laws and regulations.

We assessed the susceptibility of the financial statements to material misstatement, including fraud and considered the fraud risk areas to be revenue recognition and management override of controls.

We addressed the risk of management override of controls, by testing a sample of journals processed during the year to supporting documentation and evaluating whether there was evidence of bias by management or the Directors that represented a risk of material misstatement due to fraud.

Regarding the risk of intentional misstatement of revenue, our procedures included setting expectations for the annual revenue to be recognised for the year for each property, comparing it to the actual amounts recognised and investigating variances. We confirmed lease details back to the underlying signed agreements and a sample to receipt of cash (where amounts had been received prior to the year-end).

We agreed all bank balances and loans to direct bank confirmations and agreements.

We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CADOGAN HOLDINGS LIMITED (continued)**


Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at:

<https://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.

DocuSigned by:  
  
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Thomas Edward Goodworth (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
London, UK  
Date: 05 May 2023

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

**CADOGAN HOLDINGS LIMITED**

**INCOME STATEMENT**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £000	2021 £000
Turnover	2	9,154	7,223
Property expenses		(4,717)	(4,535)
Net rental income		<u>4,437</u>	<u>2,688</u>
Other income		102	126
Administrative expenses		(99)	(64)
Profit on sale of fixed assets	5	4,750	3,059
Surplus on revaluation of investment properties		<u>26,192</u>	<u>10,923</u>
<b>OPERATING PROFIT</b>	4	<b>35,382</b>	<b>16,732</b>
Interest receivable		<u>6</u>	<u>85</u>
<b>PROFIT BEFORE TAXATION</b>		<b>35,388</b>	<b>16,817</b>
Tax on profit	6	(5,841)	(15,736)
<b>PROFIT AFTER TAXATION</b>		<b><u>29,547</u></b>	<b><u>1,081</u></b>
		<b>=====</b>	<b>=====</b>

*Notes 1 to 12 form an integral part of these financial statements.*

## CADOGAN HOLDINGS LIMITED

### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

There was no other comprehensive income during the year and therefore total comprehensive income for the year equals the profit attributable to shareholders of the company of £29,547,000 in the year ended 31 December 2022 and the profit attributable to shareholders of the company of £1,081,000 in the year ended 31 December 2021.

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Shareholders' equity £000
At 1 January 2021	40,000	305	198,633	238,938
Prior period adjustment (see note 4)	-	-	8,888	8,888
	-----	-----	-----	-----
At 1 January 2021 – as restated	40,000	305	207,521	247,826
Profit for year	-	-	1,081	1,081
	----	----	-----	-----
Total comprehensive income for the year	-	-	1,081	1,081
Equity dividends paid	-	-	(8,888)	(8,888)
	-----	-----	-----	-----
At 31 December 2021 – as restated	40,000	305	199,714	240,019
	=====	=====	=====	=====
 At 1 January 2022 – as restated	 40,000	 305	 199,714	 240,019
Profit for year	-	-	29,547	29,547
	----	----	-----	-----
Total comprehensive income for the year	-	-	29,547	29,547
Equity dividends paid	-	-	(17,149)	(17,149)
	-----	-----	-----	-----
<b>At 31 December 2022</b>	<b>40,000</b>	<b>305</b>	<b>212,112</b>	<b>252,417</b>
	=====	=====	=====	=====

*Notes 1 to 12 form an integral part of these financial statements.*

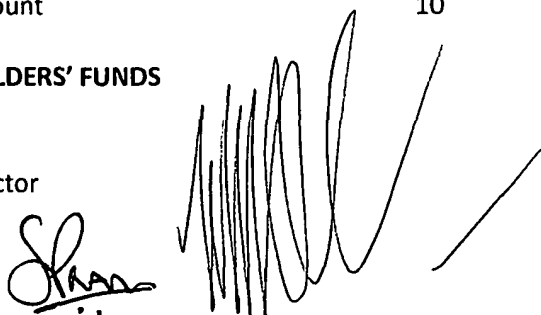
**CADOGAN HOLDINGS LIMITED**  
REGISTERED NUMBER: 696317

**STATEMENT OF FINANCIAL POSITION**  
**31 DECEMBER 2022**

	Note	2022 £000	2021 £000 As restated
<b>FIXED ASSETS</b>			
Tangible assets	7	306,860	294,874
Investments	8	302	302
		<u>307,162</u>	<u>295,176</u>
<b>CURRENT ASSETS</b>			
Trade debtors		367	346
Other debtors		963	730
Amounts due from group undertakings		19,667	15,352
		<u>20,997</u>	<u>16,428</u>
<b>CREDITORS - amounts falling due within one year</b>			
Deferred income		10,198	10,631
Other creditors		802	444
Corporation tax		2,096	1,610
		<u>13,096</u>	<u>13,685</u>
<b>NET CURRENT ASSETS</b>		<u>7,901</u>	<u>3,743</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>315,063</u>	<u>298,919</u>
<b>PROVISION FOR LIABILITIES AND CHARGES</b>			
Deferred tax	6	(62,646)	(58,900)
<b>NET ASSETS</b>		<u>252,417</u>	<u>240,019</u>
		=====	=====
<b>CAPITAL AND RESERVES</b>			
Called up share capital	9	40,000	40,000
Share premium account		305	305
Profit and loss account	10	212,112	199,714
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u>252,417</u>	<u>240,019</u>
		=====	=====

H R Seaborn - Director

S Patel - Director  
4 May 2023



Notes 1 to 12 form an integral part of these financial statements.

# **CADOGAN HOLDINGS LIMITED**

## **NOTES ON THE FINANCIAL STATEMENTS 31 DECEMBER 2022**

### **1 ACCOUNTING POLICIES**

#### **(a) Statement of compliance**

Cadogan Holdings Limited is a private company limited by shares incorporated in England. The Registered Office is 10 Duke of York Square, London, SW3 4LY.

The financial statements of Cadogan Holdings Limited were authorised for issue by the Board of Directors on 4 May 2023

#### **(b) Basis of preparation**

The financial statements have been prepared in compliance with FRS 102.

The financial statements have been prepared on a historical cost basis except investment properties that have been measured at fair value. The financial statements are prepared in sterling which is the functional currency of the company and rounded to the nearest £000.

The financial statements contain information about the company as an individual company and do not contain consolidated financial information as the parent of a group. The company is exemption under Section 400 of the Companies Act 2006 from the requirement to prepare and delivers consolidated financial statements as it and its subsidiaries are included in the consolidated financial statements of Cadogan Group Limited.

Under the provisions of FRS 102, the company is defined as a qualifying entity and has consequently taken advantage of the disclosure exemptions set out in Section 1.12 not to:

- Provide a reconciliation of the number of shares outstanding at the beginning and end of the year;
- Prepare a statement of cash flow; and
- Disclosure of key management personnel compensation.

#### **Going concern**

The company is reliant on Cadogan Group Limited for funding needs to ensure that it can meet its liabilities as they fall due. The directors of the company have satisfied themselves that Cadogan Group Limited is able to provide the support indicated and this assessment is based on the Cadogan Group Limited financial forecasts of the Group for the period to 30 June 2024. The Directors have considered the ability of Cadogan Group Limited to provide such support and have concluded it is therefore appropriate to prepare the financial statements on the going concern basis.

# CADOGAN HOLDINGS LIMITED

## NOTES ON THE FINANCIAL STATEMENTS 31 DECEMBER 2022

### 1 ACCOUNTING POLICIES (continued)

#### (c) Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgement (apart from those involving estimates) has had the most significant effect on amounts recognised in the financial statements:

##### Operating lease commitments

The company has entered into commercial property leases as a lessor on its investment property portfolio. The classification of such leases as operating or finance lease requires the company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the statement of financial position.

#### (d) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

The company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the company. Such changes are reflected in the assumptions when they occur.

##### Revaluation of investment properties

The company carries its investment property at fair value, with changes in fair value being recognised in the income statement. The company engaged independent valuation specialists to determine fair value at 31 December 2022. The valuers used market value, in accordance with the Appraisal of Valuation Manual of the Royal Institution of Chartered Surveyors. The determined fair value of the investment property is most sensitive to the estimated yield and estimated rental values. Investment property under construction are measured based on estimates prepared by independent real estate valuation experts. The key assumptions used to determine the fair value of investment property are further explained in note 7.

##### Impairment of lease receivables

The company makes an assessment over the recoverability of its lease receivables on a lease by lease basis. Estimation of recovery is judgemental and is based on the company's detailed knowledge of the sector in which the tenant operates and the credit risk of the tenant.

# CADOGAN HOLDINGS LIMITED

## NOTES ON THE FINANCIAL STATEMENTS 31 DECEMBER 2022

### 1 ACCOUNTING POLICIES (continued)

#### (d) Estimates and assumptions (continued)

##### Taxation

The company establishes provisions based on reasonable estimates of the expected tax liability under the legislation. The amount of such provisions is based on various factors, such as experience with previous tax audits and takes into account uncertain tax positions where tax authorities could have differing interpretations of tax regulations.

#### (e) Turnover and revenue recognition

Turnover is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, net of VAT and comprises gross rents including reverse premium received on early lease termination, commissions and other fees receivable. The following criteria must also be met before revenue is recognised:

##### *Rental income*

The company is the lessor in operating leases. Rental income arising from operating leases on investment property is recognised in the income statement on a straight-line basis over the lease term, except for contingent rental income which is recognised when it arises.

Tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the directors are reasonably certain that the tenant will exercise that option.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in the income statement when the right to receive them arises.

##### *Interest income*

Interest income is recognised as it accrues using the effective interest rate (EIR) method. The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in interest receivable in the income statement.

# **CADOGAN HOLDINGS LIMITED**

## **NOTES ON THE FINANCIAL STATEMENTS 31 DECEMBER 2022**

### **1 ACCOUNTING POLICIES (continued)**

#### **(f) Investment property**

Investment property comprises completed property or re-development that is held to earn rentals or for capital appreciation or both. Property held under a lease is classified as investment property when it is held to earn rentals or for capital appreciation or both, rather than for sale in the ordinary course of business or for use in production or administrative functions.

Investment property is measured initially at cost, including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the period in which they arise, including the corresponding tax effect.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use.

Investment property is derecognised either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the income statement in the period of derecognition.

#### **(g) Profit on sale of investment properties**

Profits or losses on the sale of investment properties are calculated by reference to the book value at the end of the previous year, adjusted for any subsequent capital expenditure. Such transactions are recognised on the exchange of contracts, providing that no material conditions remain outstanding.

#### **(h) Investments**

Investments in subsidiary undertakings are included at deemed cost, less a provision for impairment in value where applicable.



# CADOGAN HOLDINGS LIMITED

## NOTES ON THE FINANCIAL STATEMENTS 31 DECEMBER 2022

### 1 ACCOUNTING POLICIES (continued)

#### (i) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in the arrangement.

##### *Company as a lessee*

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the company is classified as a finance lease.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the income statement on a straight-line basis over the lease term, except for contingent rental payments which are expensed when they arise.

##### *Company as a lessor*

Leases in which the company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Contingent rents are recognised as revenue in the period in which they are earned.

#### (j) Taxation

Current taxation including UK corporation tax is provided at the amounts expected to be paid (or recovered) using the tax rates and laws that have been substantially enacted at the balance sheet date.

Deferred tax is recognised in respect of all material timing differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

#### (k) Related parties

The company has taken advantage of the exemptions in FRS 102 Section 33.1A Related Party Disclosures, not to disclose related party transactions between two or more members of a group provided that any subsidiary which is party to the transaction is wholly owned by such a member.

# CADOGAN HOLDINGS LIMITED

## NOTES ON THE FINANCIAL STATEMENTS 31 DECEMBER 2022

### 2 TURNOVER

Turnover represents the amount derived from the provision of goods and services which fall within the company's ordinary activities, net of Value Added Tax.

The company operates in one principal area of activity, that of a landlord. The company operates within one geographical market, the United Kingdom.

### 3 STAFF COSTS

The company did not employ any staff during the year (2021 – nil).

The directors received no remuneration during the year (2021 – nil).

### 4 OPERATING PROFIT is stated after charging:

	2022 £000	2021 £000
Auditor's remuneration – audit of the financial statements	66	59

The company's auditor for the year ended 31 December 2022 was BDO LLP (31 December 2021: Ernst & Young LLP).

Prior period adjustment

The company has identified the need to make a correction to the 2021 statement of changes in equity and the 2021 statement of financial position due to an error identified in the recognition of dividends paid to parent undertakings. The adjustment relates to the restatement of the profit and loss account at 1 January 2021 of £8,888,000 and a reduction in profit retained for the year ended 31 December 2021 of £8,888,000.

### 5 PROFIT ON SALE OF FIXED ASSETS

	2022 £000	2020 £000
Profit on sale of freehold investment properties	4,750	3,059

# CADOGAN HOLDINGS LIMITED

## NOTES ON THE FINANCIAL STATEMENTS

31 DECEMBER 2022

### 6 TAXATION

#### (a) Tax on profit

The tax charge is made up as follows:

	2022 £000	2021 £000
Current tax:		
UK corporation tax at 19.00% (2021: 19.00%)	2,096	1,610
Adjustments in respect of previous years	(1)	-
Total current tax	<u>2,095</u>	<u>1,610</u>
Deferred tax:		
Origination and reversal of timing differences	151	153
Effect of increased tax rate on opening liability	-	14,138
On freehold and investment properties	3,595	(165)
Total deferred tax	<u>3,746</u>	<u>14,126</u>
Total tax charge	<u>5,841</u> =====	<u>15,736</u> =====

#### (b) Factors affecting the total tax charge

The tax assessed on the profit for the year is more than (2021 – more than) the current standard rate of corporation tax in the UK of 19.00% (2021 – 19.00%). The difference is explained as follows:

	2022 %	2021 %
Standard tax rate	19	19
Actual current tax rate	17	93
Difference	<u>(2)</u> ===	<u>74</u> ===
Explained by		
Change in tax laws and rates	2	84
Gains rolled over into assets held by subsidiaries	(4)	(10)
	<u>(2)</u> ===	<u>74</u> ===

# CADOGAN HOLDINGS LIMITED

## NOTES ON THE FINANCIAL STATEMENTS 31 DECEMBER 2022

### 6 TAXATION (continued)

#### (c) Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2022 £000	2021 £000
Included in provision for liabilities and charges	62,646	58,900
	<u>62,646</u>	<u>58,900</u>
	=====	=====
The liability for deferred taxation comprises the following:		
Accelerated capital allowances	132	115
Short lease premiums received	(2,264)	(2,397)
On freehold and investment properties	64,778	61,182
	<u>62,646</u>	<u>58,900</u>
	=====	=====
At 1 January	58,900	44,774
Deferred tax charge:		
Income statement	3,746	14,126
	<u>3,746</u>	<u>14,126</u>
At 31 December	62,646	58,900
	=====	=====

The company expects no deferred tax liabilities to reverse in 2023.

#### (d) Factors that may affect future tax charges

The UK corporation tax rate for the whole of 2022 was 19.00%. Accordingly, the company's result for the accounting period is taxed at an effective rate of 19.00% (2021 – 19.00%).

The corporation tax rate is due to increase to 25.00% from April 2023. At the balance sheet date, the setting of the rate of 25.00% from April 2023 had been substantially enacted and hence in accordance with accounting standards, the impact of the rate of 25.00% has been reflected in the company's financial statements at 31 December 2022.

Any future rate changes will also impact the amount of future tax payments to be made by the company.

# CADOGAN HOLDINGS LIMITED

## NOTES ON THE FINANCIAL STATEMENTS 31 DECEMBER 2022

### 7 TANGIBLE FIXED ASSETS

	Freehold investment properties £'000	Leasehold investment properties £'000	Total investment properties £000
Valuation			
At 1 January 2022	292,979	1,895	294,874
Additions	854	-	854
Disposals	(14,705)	(355)	(15,060)
Revaluation	25,942	250	26,192
<b>At 31 December 2022</b>	<b>305,070</b>	<b>1,790</b>	<b>306,860</b>
	=====	=====	=====

The valuation of the company's freehold and leasehold properties at 31 December 2022 was carried out by CBRE Limited (commercial properties) and Cluttons LLP (residential properties), both firms are independent and regulated by the Royal Institution of Chartered Surveyors (RICS), on the basis of fair value, in accordance with the version of the RICS Valuation – Global Standards (incorporating the International Valuation Standards) and the UK national supplement ("The Red Book") current as at the valuation date. The key assumptions used to determine the fair value of investment property are set out below:

Property Type	Fair Value		Valuation Technique	Key unobservable inputs	Range (weighted average)	
	2022	2021			2022	2021
	£'000	£'000				
Residential	275,453	267,265	Direct capital comparison, investment & residual	<ul style="list-style-type: none"> <li>Freehold vacant possession values per square foot</li> <li>Discounts for nature of occupation</li> <li>Capitalisation and deferment rates</li> </ul>	<b>Average of £1,428</b>  <b>0%-25%</b>  <b>4.00%-5.50%</b>	Average of £1,359  0%-25%  4.00%-5.50%
Commercial	31,407	27,609	Income capitalisation	<ul style="list-style-type: none"> <li>ERV per sq. ft. Office/medical Retail (Zone A)</li> <li>Equivalent yields</li> </ul>	<b>£30-£53</b> <b>£90-£110</b> <b>4.25%-5.25%</b> <b>(4.29%)</b>	£25-£50 £88-£110 4.12%-5.25% (4.84%)

The comparable amount of these investment properties according to the historical cost accounting rules was £34,233,000 (2021 – £33,910,000).

# CADOGAN HOLDINGS LIMITED

## NOTES ON THE FINANCIAL STATEMENTS 31 DECEMBER 2022

### 8 FIXED ASSET INVESTMENTS

	2022 £000	2021 £000
Shares in subsidiary undertaking		
Valuation		
At 1 January	302	302
	<hr/>	<hr/>
At 31 December	302	302
	<hr/>	<hr/>

The company owns 100% of the voting rights and ordinary issued share capital of Chelsea Land Developments Limited, a property investment company that is now dormant. The subsidiary company is incorporated in England and is a holding of ordinary shares. The registered office is located at 10 Duke of York Square, London, SW3 4LY.

### 9 CALLED UP SHARE CAPITAL

	2022 £000	2021 £000
40,000,000 Authorised, allotted and fully paid ordinary shares of £1 each	40,000	40,000
	<hr/>	<hr/>

### 10 RESERVES

In the current year the non-distributable reserve and the profit and loss reserve have been combined into a single reserve account.

Profit and loss account

This reserve is used to record:

- Increases in fair value of freehold and leasehold investment properties in the company's portfolio and decreases to the extent that such decreases relate to the increase on the same asset. These figures are stated net of the associated deferred tax asset or liability.
- Increases in fair value of investments previously accounted for at directors' valuation which on transition to FRS 102 has been treated as the investments' deemed cost.

This reserve also includes the amounts available for distribution.

## **CADOGAN HOLDINGS LIMITED**

### **NOTES ON THE FINANCIAL STATEMENTS 31 DECEMBER 2022**

#### **11 CAPITAL AND OTHER COMMITMENTS**

At 31 December 2022 amounts contracted for but not provided in the financial statements were nil (2021 – nil).

The company had the following future minimum operating lease receivables under non-cancellable operating leases in respect of investment properties at the year end:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Due:		
Within one year	<b>5,981</b>	<b>4,331</b>
Between one and five years	<b>7,609</b>	<b>4,647</b>
More than five years	<b>11,211</b>	<b>8,304</b>
	<b>24,801</b>	<b>17,282</b>
	=====	=====

#### **12 ULTIMATE HOLDING COMPANY**

The company's immediate parent undertaking is Chelsea Land Limited. The holding company for all operational purposes is Cadogan Group Limited, Chelsea Land Limited's immediate parent undertaking. This is the smallest group which included the company's results in its consolidated financial statements.

In the directors' opinion, the company's ultimate holding company (and the largest group in which the company's results are consolidated) is Cadogan Settled Estates Holdings Limited.

The ultimate ownership of Cadogan Settled Estates Holdings Limited is vested in The Eighth Earl Cadogan's 6 December 1961 Settlement.

Group financial statements are prepared by Cadogan Settled Estates Holdings Limited and Cadogan Group Limited and can be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff CF14 3UZ.