

Registration number: 01663232

Ambika House Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2020



Ambika House Limited

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Ambika House Limited

Company Information

Directors D P Dancaster
The Honourable Anjli Paul

Company secretary Goodwille Limited

Registered office Caparo House
103 Baker Street
London
W1U 6LN

Auditor Deloitte LLP
Statutory Auditor
Birmingham
United Kingdom

Ambika House Limited

Directors' Report for the Year Ended 31 December 2020

The directors present their report and the audited financial statements for the year ended 31 December 2020.

Directors of the company

The directors who held office during the year and to the date of this report were as follows:

D P Dancaster

The Honourable Anjli Paul

Results

The principal activity of the company is that of an investment property company.

The Statement of Comprehensive Income is set out on page 10 and shows a loss for the year of £3,091,042 (2019 - profit £1,731,578).

The decrease in performance in the current year is due to a loss on revaluation of investment property of £5,761,500 (2019 - gain on revaluation £116,964).

During the year the company sold long leasehold interests in two apartments in its Ambika House property to the Hon Anjli Paul and her daughter Ms Shaila Punn at market value for £2,150,000 and £1,950,000 respectively. £811,121 other operating income has been recognised in relation to these transactions (2019 - premiums received on the extension of sub-leases resulted in £462,160 other operating income being recognised).

While the reduction in the valuation of the property during 2020 may in part reflect the impact of the Covid-19 pandemic on the London commercial property market, the directors are unable to evaluate further the impact of the Covid-19 pandemic on the future of the business, but consider that demand for central London commercial space of the size the company offers will continue. No Government assistance has been received during the year.

Financial risk management policies and objectives

Objectives and policies

The company from time to time holds or issues financial instruments to finance its operations and enters into contracts to manage risks arising from those operations and its sources of finance in accordance with its accounting policies.

Liquidity risk and cash flow risk

The company's operations and working capital requirements can be subject to unforeseen fluctuations. These risks are mitigated by a mixture of the company's retained cash, and parent company loans. The company is not reliant on external funding.

Future developments

The directors do not consider that the UK's exit from the European Union will have a material impact on the business.

In March 2021 the company reached agreement with its commercial tenant for early termination of their lease as a result of the tenant's inability to trade since March 2020 in view of the Covid-19 pandemic restrictions. While market conditions remain uncertain, the company has been advised by its agents that it should expect to be able to re-let the premises to suitable tenants operating in a different sector on similar commercial terms. The company is currently seeking a new commercial tenant.

Ambika House Limited

Directors' Report for the Year Ended 31 December 2020 (continued)

Going concern

The company is dependent on the support of the parent company to continue as a going concern. The parent company has confirmed its support for a period of at least one year from the date of signing the financial statements to enable the Company to pay its liabilities and commitments as they arise.

The directors' forecasts and projections, taking account of reasonably possible future changes in trading performance, and the impact of Covid-19 show that the parent company should be able to operate within its current level of facilities and provide continued support to Ambika House Limited for the next 12 months. Accordingly, the financial statements have been prepared on a going concern basis.

Further details regarding the adoption of the going concern basis can be found in the accounting policies in the financial statements.

Directors' liabilities

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Non adjusting post balance sheet events:

On 31 March 2021 the company entered into an agreement with its commercial tenant, a conference operator, to surrender the unexpired term of their lease for a consideration of £708,000. The rent payable on this lease was £1,298,000 per annum, and the lease was due to terminate in 2031. The directors expect to be able to re-let the premises in due course, while this will have a material impact on income in the short term, and do not consider that the surrender will have a material long term effect on the business.

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware. This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Reappointment of auditor

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Deloitte LLP as auditor of the company is to be proposed at the forthcoming Annual General Meeting. The auditor Deloitte LLP is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Small companies provision statement

In preparing the Directors' report, advantage has been taken of the small companies' exemptions under the Companies Act 2006. As a result of the small companies' exemption, the company is not required to prepare a Strategic Report.

Approved by order of the Board on 20/12/2021 and signed on its behalf by:



.....
D P Dancaster
Director

Ambika House Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the 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 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

Ambika House Limited

Independent Auditor's Report To The Members of Ambika House Limited

Opinion on the financial statements

In our opinion the financial statements of Ambika House Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 17.

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 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 Financial Reporting Council's (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

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.

Ambika House Limited

Independent Auditor's Report To The Members of Ambika House Limited (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Ambika House Limited

Independent Auditor's Report To The Members of Ambika House Limited (continued)

Extent to which the audit was considered 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.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the Health and Safety Act.

We discussed among the audit engagement team including relevant internal specialists relating to real estate valuations regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Ambika House Limited

Independent Auditor's Report To The Members of Ambika House Limited (continued)

Report on other legal and regulatory requirements

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has 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 any material misstatements in the Directors' Report.

Matters on which we are required to report by exception

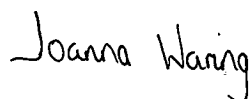
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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; or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

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.



Joanna Waring FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP, Statutory Auditor

Birmingham
United Kingdom

Date: 20 December 2021

Ambika House Limited

Profit and Loss Account for the Year Ended 31 December 2020

	Note	2020 £	2019 £
Turnover	3	1,496,494	1,388,564
Cost of sales		<u>(244,207)</u>	<u>(263,840)</u>
Gross profit		1,252,287	1,124,724
Administrative expenses		(112,554)	(74,889)
(Loss)/profit on revaluation of investment properties	10	(5,761,500)	116,964
Other operating income	4	<u>811,121</u>	<u>462,160</u>
Operating (loss)/profit		(3,810,646)	1,628,959
Interest receivable and similar income		66	-
Interest payable and similar expenses	5	<u>-</u>	<u>(1,373)</u>
(Loss)/profit before taxation		(3,810,580)	1,627,586
Tax on (loss)/profit	9	<u>719,538</u>	<u>103,992</u>
(Loss)/profit for the financial year		<u><u>(3,091,042)</u></u>	<u><u>1,731,578</u></u>

The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

Ambika House Limited

Statement of Comprehensive Income for the Year Ended 31 December 2020

	2020	2019
	£	£
(Loss)/profit for the year	<u>(3,091,042)</u>	<u>1,731,578</u>
Total comprehensive (expense)/income for the year	<u><u>(3,091,042)</u></u>	<u><u>1,731,578</u></u>

The notes on pages 13 to 24 form an integral part of these financial statements.

Ambika House Limited

(Registration number: 01663232)
Balance Sheet as at 31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Investment property	10	15,830,000	24,670,000
Current assets			
Debtors	11	8,077,631	3,146,560
Creditors: Amounts falling due within one year	12	<u>(62,168)</u>	<u>(8,175)</u>
Net current assets		<u>8,015,463</u>	<u>3,138,385</u>
Total assets less current liabilities		23,845,463	27,808,385
Provisions for liabilities	9	<u>(1,844,638)</u>	<u>(2,716,518)</u>
Net assets		<u><u>22,000,825</u></u>	<u><u>25,091,867</u></u>
Capital and reserves			
Called up share capital	13	100	100
Profit and loss account	14	<u>22,000,725</u>	<u>25,091,767</u>
Shareholders funds		<u><u>22,000,825</u></u>	<u><u>25,091,867</u></u>

Approved and authorised by the Board on 20/12/21 and signed on its behalf by:



D P Dancaaster
Director

The notes on pages 13 to 24 form an integral part of these financial statements.

Ambika House Limited

Statement of Changes in Equity for the Year Ended 31 December 2020

	Share capital £	Profit and loss account £	Total £
At 1 January 2019	100	23,360,189	23,360,289
Profit for the year	-	1,731,578	1,731,578
Total comprehensive income	-	1,731,578	1,731,578
At 31 December 2019	100	25,091,767	25,091,867
	Share capital £	Profit and loss account £	Total £
At 1 January 2020	100	25,091,767	25,091,867
Loss for the year	-	(3,091,042)	(3,091,042)
Total comprehensive expense	-	(3,091,042)	(3,091,042)
At 31 December 2020	100	22,000,725	22,000,825

The notes on pages 13 to 24 form an integral part of these financial statements.

Ambika House Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

1 General information

The company is incorporated, registered and domiciled in England and Wales. It is a private company limited by shares.

The principal activity of the company is that of an investment property company.

The functional currency of the company is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

The address of its registered office is:

Caparo House
103 Baker Street
London
W1U 6LN
United Kingdom

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of accounting

The financial statements have been prepared under the historic cost convention, modified to include investment properties valued at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

Summary of disclosure exemptions

Ambika House Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement and remuneration of key management personnel. Exemption has also been taken under Section 33.1A of FRS 102 not to disclose related party transactions between wholly-owned companies within the group.

Name of parent of group

These financial statements are consolidated into the financial statements of Caparo Group Limited.

The financial statements of Caparo Group Limited may be obtained from Companies House, Cardiff.

The registered address of Caparo Group Limited is Caparo House, 103 Baker Street, London, W1U 6LN.

Ambika House Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Going concern

The company is dependent on the support of the parent company to continue as a going concern. The directors' forecasts and projections, taking account of reasonably possible future changes in trading performance, show that the parent company should be able to operate within its current level of facilities and provide continued support to Ambika House Limited for the next 12 months. The parent company has confirmed its support for a period of at least one year from the date of signing the financial statements to enable the company to pay its liabilities and commitments as they arise. Accordingly the financial statements have been prepared on a going concern basis.

Critical accounting 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. The estimates and associated assumptions are based on historical assumptions and other factors that are considered to be relevant.

There are no critical judgements in the preparation of the financial statements.

Key sources of estimation uncertainty

Valuation of investment property

There are a number of estimates involved in assessing the fair value of the company's investment properties and the directors have engaged independent professional qualified valuers, as disclosed in Note 10. The carrying amount is £15,830,000 (2019 - £24,670,000).

Deferred taxation

There are a number of estimates required to calculate the deferred tax provision in respect of the revaluation of investment properties, as disclosed in Note 9. The carrying amount is £1,844,638 (2019 - £2,716,518).

Revenue recognition

Turnover comprises the fair value of rents received or receivable for the provision of accommodation in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates, rent free periods offered to tenants and discounts.

The company recognises revenue when:

The amount of revenue can be reliably measured;

It is probable that future economic benefits will flow to the entity; and

Specific criteria have been met for each of the company's activities.

Tax

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

Ambika House Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Tax (continued)

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of timing differences. Deferred tax relating to investment property is measured using the tax rates and allowances that apply to the sale of the asset.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expenses or income.

Other income

Other income in the prior year relates to premiums payable by residential tenants to the company, in the company's capacity as intermediate landlord, on the granting of an extension of the tenants' residential leases. Income is recognised at the date that an extended lease is entered into. Other income in the current year relates to profit on the sale of investment properties, recognised at the date of completion of the transaction.

Investment property

Investment property is carried at fair value, derived from the current market prices for comparable real estate determined annually by external valuers. The valuers use observable market prices, adjusted if necessary for any difference in the nature, location or condition of the specific asset. Changes in fair value are recognised in profit or loss.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made and received under operating leases are recognised in profit or loss on a straight-line basis over the period of the lease.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Ambika House Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

(a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.

(b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.

(c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).

(d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

(e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.

(f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Ambika House Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Financial instruments (continued)

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Ambika House Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

3 Turnover

The analysis of the company's revenue for the year from continuing operations is as follows:

	2020 £	2019 £
Rental income from investment property	<u>1,496,494</u>	<u>1,388,564</u>
All turnover arises in the UK.		

4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2020 £	2019 £
Profit on disposal of flats and sub lease extension premiums received	<u>811,121</u>	<u>462,160</u>

5 Interest payable and similar expense

	2020 £	2019 £
Other finance costs	<u>-</u>	<u>1,373</u>

6 Staff costs

The company had no employees and no remuneration was paid to employees in the current or prior year.

7 Directors' remuneration

No director received any remuneration in the current or prior year in relation to services provided to this company. The directors are remunerated by fellow subsidiary companies of Caparo Group Limited, the ultimate parent company.

8 Auditor's remuneration

	2020 £	2019 £
Audit of the financial statements	<u>9,555</u>	<u>9,100</u>
Other fees to auditor		
Taxation compliance services	<u>4,210</u>	<u>4,210</u>

Ambika House Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

9 Tax on (loss)/profit

Tax charged/(credited) in the profit and loss account

	2020 £	2019 £
Current taxation		
UK corporation tax	152,342	-
UK corporation tax adjustment to prior periods	-	(139,845)
	<u>152,342</u>	<u>(139,845)</u>
Deferred taxation		
Arising from origination and reversal of timing differences	(1,191,470)	40,071
Arising from changes in tax rates and laws	319,590	(4,218)
Total deferred taxation	<u>(871,880)</u>	<u>35,853</u>
Total tax credit	<u>(719,538)</u>	<u>(103,992)</u>

The tax on (loss)/profit before tax for the year is lower than the standard rate of corporation tax in the UK (2019 - lower than the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are reconciled below:

	2020 £	2019 £
(Loss)/profit before tax	<u>(3,810,580)</u>	<u>1,627,586</u>
Corporation tax at standard rate of 19% (2019 - 19%)	(724,010)	309,241
Increase/(decrease) from effect of different UK tax rates on some earnings	319,589	(4,218)
Effect of expense not deductible in determining taxable profit (tax loss)	571	-
Decrease in UK and foreign current tax from adjustment for prior periods	-	(139,845)
Tax decrease arising from group relief	(214,980)	(254,148)
Tax increase from effect of indexation allowance on capital gains	-	2,548
Other tax effects for reconciliation between accounting profit and tax expense/(income)	<u>(100,708)</u>	<u>(17,570)</u>
Total tax credit	<u>(719,538)</u>	<u>(103,992)</u>

Ambika House Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

9 Tax on (loss)/profit (continued)

Deferred tax

Deferred tax assets and liabilities

2020 **Liability**
£

Revaluation of investment property 1,844,638

2019 **Liability**
£

Revaluation of investment property 2,716,518

Deferred tax liabilities

	2020	2019
	£	£
Provision at start of period	2,716,518	2,680,665
Deferred tax (credit)/charge to income statement for the period	(871,880)	35,853
Provision at end of period	<u>1,844,638</u>	<u>2,716,518</u>

In the 2021 Budget the Chancellor announced that the main rate of UK corporation tax would increase to 25% from 1 April 2023. Deferred tax assets and liabilities have been calculated at 19% (2019 - 17%) being the rate substantively enacted at the balance sheet date.

10 Investment property

	Long leasehold investment property 2020 £
At 1 January 2020	24,670,000
Additions	21,500
Disposals	(3,100,000)
Loss on revaluation of investment properties	<u>(5,761,500)</u>
At 31 December 2020	<u>15,830,000</u>

Ambika House Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

10 Investment property (continued)

The investment property was revalued to its market value as at 31 December 2020, as valued by BNP Paribas Real Estate UK, Chartered Surveyors. The valuation was prepared in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors.

In making its judgement over the valuation of properties, the Company considers valuations performed by the independent valuer in determining the fair value of its investment properties. The valuations are based upon assumptions including future rental income and yield profile, including net initial yield, nominal equivalent yield and true equivalent yield. The valuer also makes reference to market evidence of transaction prices for similar properties.

As set out in note 3, property rental income earned during the year was £1,496,494 (2019 - £1,388,564). No contingent rents have been recognised as income in the current year or prior year.

At the balance sheet date, the Company had contracted tenants for the following future minimum lease payments:

	2020	2019
	£	£
Within one year	1,358,000	1,455,000
In the second to fifth year inclusive	5,192,000	5,192,000
After five years	7,688,427	8,986,427
	<u>14,238,427</u>	<u>15,633,427</u>

The company also has contractual arrangements with tenants not included above for minimum lease payments of £16,964 per annum until 2060. The Company has also entered into agreements with tenants until 2060 to provide certain repairs, maintenance and services, the cost of which is recoverable from the tenants.

The historic cost of the investment property is £2,592,679 (2019 - £5,128,259).

11 Debtors

	2020	2019
	£	£
Trade debtors	757,568	10,871
Amounts due from ultimate parent company	7,260,986	2,825,402
Other receivables	-	113,947
Prepayments	59,077	56,495
Income tax asset	-	139,845
Total current trade and other receivables	<u>8,077,631</u>	<u>3,146,560</u>

The amounts owed from the ultimate parent company are repayable on demand and do not bear interest.

Ambika House Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

12 Creditors

	2020 £	2019 £
Due within one year		
Trade creditors	50,156	4,975
Amounts due to related parties	-	700
Accrued expenses	2,500	2,500
Income tax liability	9,512	-
	<u>62,168</u>	<u>8,175</u>

The amounts due to related parties in the prior year had no fixed repayment dates and did not bear interest. This included £700 due by the Company to Caparo plc, in the previous year, for the purchase of furniture.

13 Called up share capital

Allotted, called up and fully paid shares

	2020		2019	
	No.	£	No.	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

14 Profit and loss account

The company's reserves are as follows:

The profit and loss reserve represents cumulative profits and losses, net of dividends paid and other adjustments.

Ambika House Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

15 Related party transactions

Summary of transactions with other related parties

Transactions between two or more members of the group where any subsidiary undertaking party to those transactions is wholly owned by a member of the group have not been disclosed.

From December 2019 to December 2020, The Hon Anjli Paul, a director of the Company, occupied a property owned by the Company under a short term tenancy agreement at a market rent of £5,375 (2019 - £5,375) per month, with rent payable during the current year of £61,823 (2019 - £2,867). At the same time, from December 2019 to December 2020, Ms Shaila Punn, the daughter of The Hon Anjli Paul, occupied a property owned by the Company under a short term tenancy agreement at a market rent of £4,533 (2019 - £4,533) per month, with rent payable during the year of £52,133 (2019 - £2,418). At 31 December 2020, no rent was due to the Company by either tenant.

During the year, £808 (2019 - £808) rental income was recognised on flats and parking spaces leased on long term agreements to The Hon Anjli Paul, The Right Honourable The Lord Swraj Paul of Marylebone PC, The Hon Ambar Paul, The Hon Akash Paul and other members of the Paul family. These individuals are considered to be related parties as directors of Ambika House Limited, its ultimate parent, Caparo Group Limited, or close family members of the directors. A total of £3,518 (2019 - £3,518) was outstanding in relation to income earned in previous years, which is repayable on demand, and does not bear interest.

During the year the company sold long leasehold interests in two apartments in its Ambika House property to the Hon Anjli Paul and her daughter Ms Shaila Punn at market value for £2,150,000 and £1,950,000 respectively. Valuation of the property was undertaken by Messrs. Strutt & Parker, Chartered Surveyors. The consideration for the purchase was paid in full at completion.

Ambika House Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

16 Parent and ultimate parent undertaking

The company is a subsidiary undertaking of Caparo Group Limited, which is both the immediate and ultimate parent company. The only group in which the results of the company are consolidated is that headed by Caparo Group Limited. The registered address of Caparo Group Limited is Caparo House, 103 Baker Street, London, W1U 6LN. A copy of the consolidated financial statements of Caparo Group Limited are available from Companies House, Crown Way, Cardiff, CF14 3UZ.

The Right Honourable The Lord Paul of Marylebone, The Honourable Ms Anjli Paul, and The Honourable Ambar Paul, directors of Caparo Group Limited, and Akash Paul, are jointly and indirectly interested in the whole of the issued share capital of Caparo Group Limited through shareholdings registered in the name of Caparo International Corporation, a company registered in the British Virgin Islands. Caparo International Corporation ultimately holds the issued share capital of Caparo Group Limited on behalf of a series of family trusts.

17 Subsequent events

On 31 March 2021 the company entered into an agreement with its commercial tenant, a conference operator, to surrender the unexpired term of their lease for a consideration of £708,000. The rent payable on this lease was £1,298,000 per annum, and the lease was due to terminate in 2031. The directors expect to be able to re-let the premises in due course, while this will have a material impact on rental income in 2021, and do not consider that the surrender will have a material long term effect on the business.