

# **Shaftesbury Carnaby Limited**

## **Balance Sheet and related notes As at 31 March 2016**

WEDNESDAY



\*L5G07628\*

LD1

21/09/2016

#39

COMPANIES HOUSE

# **Shaftesbury Carnaby Limited**

## **Balance Sheet and related notes As at 31 March 2016**

	<b>Page</b>
<b>Directors and Officers</b>	<b>2</b>
<b>Independent Auditor's Report</b>	<b>3</b>
<b>Balance Sheet</b>	<b>4</b>
<b>Notes to the Balance Sheet</b>	<b>5</b>

# **Shaftesbury Carnaby Limited**

## **Directors and Officers**

### **Directors**

B Bickell

S J Quayle

T J C Welton

C P A Ward

### **Company Secretary**

P R Thomas

### **Registered office**

22 Ganton Street

Carnaby

London

W1F 7FD

# Shaftesbury Carnaby Limited

## Balance Sheet At 31 March 2016

Registered No 2038836

	Notes	31 March 2016 £'000	30 September 2015 £'000
<b>Non-current assets</b>			
Fixed assets - Investment properties	4	508,929	496,855
Accrued income	5	2,163	2,168
		<u>511,092</u>	<u>499,023</u>
<b>Current assets</b>			
Debtors	6	28,369	343,126
Cash at bank		3,754	2,847
		<u>32,123</u>	<u>345,973</u>
<b>Creditors: amounts falling due within one year</b>	7	<u>(5,906)</u>	<u>(6,359)</u>
<b>Net current assets</b>		<u>26,217</u>	<u>339,614</u>
<b>Net assets</b>		<u>537,309</u>	<u>838,637</u>
<b>Capital and reserves</b>			
Called up share capital	9	245,000	245,000
Profit and loss account	10	292,309	593,637
<b>Total shareholder's funds</b>		<u>537,309</u>	<u>838,637</u>

On behalf of the Board who approved the Balance Sheet and related notes on pages 4 to 9 on 7 September 2016



**C P A Ward**  
Director

# Shaftesbury Carnaby Limited

## Notes to the Balance Sheet

### 1 General information

#### Company information

The Balance Sheet and related notes of Shaftesbury Carnaby Limited (the Company) as at 31 March 2016, were approved by the Board for issue on 7 September 2016

The nature of the Company's operations is property investment. The Company owns a number of freehold and leasehold property interests in and around Carnaby Street in London's West End, which are held for long-term investment. The properties are substantially fully let and the directors consider the prospects for long-term rental growth are good. The Company continues to seek further investments in the area.

The Company is a limited company and is incorporated and domiciled in the UK, and registered in England and Wales. The address of the registered office is given on page 2.

#### Basis of preparation

The Company Balance Sheet and notes presented in these financial statements have been prepared in accordance with accounting policies that comply with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101), incorporating the Amendments to FRS 101 issued by the FRC in July 2015 and the amendments to Company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 (SI 2015/980) prior to their mandatory effective date of accounting periods beginning on or after 1 January 2016. The statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, and in accordance with the provisions of the Companies Act 2006 which would have applied had the Balance Sheet been prepared for a financial year of the Company.

Disclosure exemptions, as permitted by FRS 101 have been taken in respect of

- Related party transactions between the parent and wholly-owned subsidiaries,
- Reconciliation of investment property and ordinary share capital movements for the comparative year,
- Disclosures around categories of financial instruments,
- Disclosure of new accounting standards and interpretations that have been issued but are not yet effective, and
- Disclosures around the valuation techniques and inputs used in the revaluation of investment properties

These disclosure exemptions were also taken in the financial statements for the year ended 30 September 2015, which were prepared in accordance with FRS 101. Where required, equivalent disclosures are given in the consolidated financial statements of Shaftesbury PLC, in which the Company is consolidated.

The preparation of financial statements in conformity with FRS 101 requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. Although these estimates are based on the directors' best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. The valuation of investment properties is the only critical judgement, assumption and estimate in these financial statements and is discussed in more detail below.

A summary of the significant accounting policies which have been applied consistently in all periods presented is set out below.

The accounting policies adopted and methods of computation used are consistent with those applied in the financial statements for the year ended 30 September 2015. There have been no new standards or amendments to existing standards during the period to 31 March 2016 that are applicable to the Company or that have any material impact on the Balance Sheet and related notes as at 31 March 2016.

# Shaftesbury Carnaby Limited

## Notes to the Balance Sheet (continued)

### 1 General information (continued)

#### Going concern

The Company adopts the going concern basis in preparing its financial statements. The Company prepares detailed forecasts which show that rental income which underpins the operational performance is expected to continue to grow at a steady pace over the long-term.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Therefore, they continue to adopt the going concern basis in preparing the financial statements.

#### Critical judgements and key sources of estimation uncertainty

The Company's significant accounting policies are stated in note 2. Not all of these significant accounting policies require the directors to make difficult, subjective or complex judgements or estimates. However, the directors consider the valuation of investment property to be critical because of the level of complexity, judgement or estimation involved and its impact on the financial statements. These judgements involve assumptions or estimates in respect of future events. Actual results may differ from these estimates.

The Company uses the valuations performed by its external valuer, DTZ Debenham Tie Leung Limited, as the basis for the fair value of its investment properties.

The valuation of the Company's property portfolio is inherently subjective due to, among other factors, the individual nature of each property, its location and the expected future rental income. As a result, the valuations the Company places on its property portfolio are subject to a degree of uncertainty and are made on the basis of assumptions which may not prove to be accurate, particularly in periods of volatility or low transaction flow in the commercial property market. The investment property valuations contain a number of assumptions upon which DTZ Debenham Tie Leung Limited have based their valuations, including, but not limited to, matters such as the tenure and tenancy details for the properties, ground conditions at the properties, the structural condition of the properties, prevailing market yields and comparable market transactions. These assumptions are in accordance with the RICS Valuation Standards. However, if any assumptions made by the external valuers prove to be incorrect, this may mean that the value of the Company's properties differs from their valuation reported in the financial statements, which could have a material effect on the Company's financial position. Since 31 March 2016, the UK voted to leave the European Union in the referendum held in June 2016. As a result, this could lead to more uncertainty in the assumptions used in the valuation of the Company's property portfolio in the future.

### 2 Accounting policies

#### Investment properties

Investment properties are properties owned or leased by the Company which are held to generate rental income or long-term capital appreciation or both.

Investment properties are initially recognised on acquisition at cost, including related acquisition costs, and are revalued annually to reflect fair value. Fair value is determined either by external professional valuers or by the directors in the case of properties sold shortly after the period end. The fair value, as determined by the valuers, is reduced for any unamortised lease incentives held at the Balance Sheet date.

Gains or losses arising on the revaluation of investment properties are included in the Profit and Loss Account in the accounting period in which they arise. Depreciation is not provided in respect of investment properties.

Additions to properties include costs of a capital nature only. Expenditure is classified as capital when it results in identifiable future economic benefits which are expected to accrue to the Company. All other property expenditure is written-off in the Profit and Loss Account as incurred.

Amounts received by way of compensation for dilapidations from tenants vacating properties are credited against the cost of reinstatement works. Where the Company has no intention of carrying out such works, the amounts received are credited to the Profit and Loss Account.

# Shaftesbury Carnaby Limited

## Notes to the Balance Sheet (continued)

### 2 Accounting policies (continued)

#### Investment properties (continued)

Purchases and sales of investment properties are recognised in the financial statements on the date at which there is a legally binding and unconditional contract

#### Trade debtors and creditors

Trade debtors and trade creditors are recognised at fair value and subsequently held at amortised cost

In the case of trade debtors a provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables

#### Cash at bank

Cash at bank comprises on-demand bank deposits

#### Share capital

Ordinary shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from retained earnings

#### Leases

All of the Company's leases to its tenants fall within the definition of operating leases, as substantially all risks and rewards of ownership are retained by the Company

#### Current and deferred corporation tax

The Company, together with other members of the Shaftesbury PLC Group, (the Shaftesbury Group), is subject to taxation as a REIT. Under the REIT regime, income from its rental business (calculated by reference to tax rather than accounting rules) and chargeable gains from the sale of its investment properties are exempt from corporation tax. As such, deferred tax is not provided in respect of the activities that fall within the REIT regime including investment property revaluation movements

### 3 Dividends paid

	2016 £'000	2015 £'000
Final dividend paid in respect of		
Year ended 30 September 2015 at 129 6p per share	317,520	-
Year ended 30 September 2014 at 5 80p per share	-	14,210
	<b>317,520</b>	<b>14,210</b>

# Shaftesbury Carnaby Limited

## Notes to the Balance Sheet (continued)

### 4 Fixed assets - Investment properties

	2016 £'000
At 1 October 2015	496,855
Refurbishment and other expenditure	1,112
Surplus on revaluation	<u>10,962</u>
<b>Book value at 31 March 2016</b>	<b>508,929</b>
Add Lease incentives recognised	<u>2,676</u>
<b>Fair value at 31 March 2016</b>	<b><u>511,605</u></b>

Investment properties were subject to external valuation as at 31 March 2016 by qualified professional valuers, being members of the Royal Institute of Chartered Surveyors (RICS), working for DTZ Debenham Tie Leung Limited, Chartered Surveyors, acting in the capacity of external valuers. All such properties were valued on the basis of fair value in accordance with the RICS Valuation - Professional Standards 2014.

Investment properties include freehold properties valued at £433,805,000 (2015 £422,610,000), and leasehold properties of £77,800,000 (2015 £76,950,000).

The Company had £215,000 (2015 £65,000) of authorised and contracted capital commitments at 31 March 2016.

### 5 Accrued income

	2016 £'000	2015 £'000
Accrued income in respect of lease incentives recognised to date	2,676	2,705
Less included in debtors (note 6)	<u>(513)</u>	<u>(537)</u>
	<b><u>2,163</u></b>	<b><u>2,168</u></b>

Accrued income in respect of lease incentives is allocated between amounts to be charged against rental income within one year of the Balance Sheet date and amounts which will be charged against rental income in subsequent periods.

### 6 Debtors

	2016 £'000	2015 £'000
Amounts due from tenants	959	1,632
Provision for doubtful debts	<u>(20)</u>	<u>(8)</u>
	<b>939</b>	<b>1,624</b>
Accrued income in respect of lease incentives	513	537
Amount due from ultimate parent undertaking	25,973	339,823
Other debtors and prepayments	<u>944</u>	<u>1,142</u>
	<b><u>28,369</u></b>	<b><u>343,126</u></b>

Amounts due from tenants at each period end included amounts contractually due and invoiced on 25 March (2015 29 September) in respect of rents and service charge contributions in advance for the period 25 March to 23 June (2015 29 September to 24 December). At 31 March 2016, amounts due from tenants which were more than 90 days overdue, relating to accommodation and services, and that were considered to be past due totalled £37,000 (2015 £118,000). Provisions against these overdue amounts totalled £Nil (2015 £Nil).



# Shaftesbury Carnaby Limited

## Notes to the Balance Sheet (continued)

### 6 Debtors (continued)

Amounts due from the ultimate parent undertaking are unsecured, have no fixed date of repayment and are repayable on demand

At 31 March 2016, cash deposits totalling £2,114,000 (2015 £2,066,000) were held against tenants' rent payment obligations. The deposits are held in bank accounts administered by the Company's managing agents

### 7 Creditors amounts falling due within one year

	2016 £'000	2015 £'000
Rents and service charges invoiced in advance	4,174	4,671
Trade creditors and accruals in respect of capital expenditure	504	436
Other creditors and accruals	1,228	1,252
	<u>5,906</u>	<u>6,359</u>

### 8 Contingent liabilities

The Company and some of its fellow subsidiaries have granted floating charges over all of their assets to secure the indebtedness of Shaftesbury PLC to each of three banks, and a further floating charge in favour of the trustee appointed in connection with the First Mortgage Debenture Stock 2024 issued by Shaftesbury PLC securing amounts due. At 31 March 2016 the total net debt secured under these arrangements totalled £309,671,000 (2015 £260,734,000)

In addition, certain investment properties are subject to first ranking legal charges in favour of certain of the banks or the trustee referred to above to secure amounts owing by Shaftesbury PLC

### 9 Called up share capital

	Number '000	£'000
<b>Allotted and fully paid ordinary shares of £1 each</b>		
At 1 October 2015 and 31 March 2016	<u>245,000</u>	<u>245,000</u>

The Company has one class of ordinary shares which have equal voting rights, rights to dividends and rights on winding up of the Company

### 10 Profit and loss account

The profit and loss account includes unrealised revaluation surpluses amounting to £286,849,000 (2015 £275,887,000) which are not available for distribution

### 11 Ultimate and immediate parent undertaking

The ultimate and immediate parent undertaking and controlling party is Shaftesbury PLC (registered number 1999238), which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the financial statements of Shaftesbury PLC are available from the Company Secretary at the registered office at 22 Ganton Street, London, W1F 7FD. They are also available on the Group's website at [www.shaftesbury.co.uk](http://www.shaftesbury.co.uk)