Old Hall Street Properties Limited
(registered number: 02765478)

Annual Report and financial statements
for the year ended 30 June 2021

Old Hall Street Properties Limited

Report of the directors for the year ended 30 June 2021

The directors present their Annual report and the audited financial statements of the company for the year ended 30 June 2021.

This set of financial statements for the year ended 30 June 2021 has been prepared in accordance with The Reduced Disclosure Framework (FRS 101). The company has transitioned from FRS 102 to FRS 101 during the current financial year and as such the financial information for the prior year ended 30 June 2020 has been restated to be prepared in accordance with FRS 101. The transition is explained in note 19.

The Report of the directors has been prepared in accordance with the special provisions relating to small companies under section 415A of the Companies Act 2006. Accordingly, a strategic report has not been prepared.

Principal activities

The principal activity of the company is the management of a portfolio of leased properties and the sub-lease of those properties to both group and third party tenants.

Business review

A key performance measure for the business is result after taxation. The loss after taxation was £642,000 (2020: restated loss of £1,463,000). This has been transferred to reserves. The results of the company are set out in the Statement of Comprehensive Income on page 9. In the current year, £2,295,000 of property treated as inventory was sold to a fellow subsidiary company for a profit of £651,000.

A key performance indicator is the net asset position of the company. The value of the net assets at 30 June 2021 was £119,308,000 (2020: £119,950,000 restated). The financial position of the company is set out in the Statement of Financial Position on page 10.

The directors do not recommend the payment of a dividend (2020: £nil).

Principal risks and uncertainties

The company's principal risks relate to the recoverable value of the company's intra-group debts and the continuing rental of their leasehold properties. The amounts in the Statement of financial position are assessed by the directors for their recoverability and presented net of any allowances.

The management of the business involves focusing on the following major risks:
- The ongoing macro-economic impact of transitional Brexit arrangements, and in particular the effect that this has on the ability of the company's tenants to continue renting the leasehold properties.
- The continuing impact of the Covid pandemic, from which there is the continued risk that further lockdowns may occur, which will have a negative impact on the retail tenants.

Although these risks are ongoing, management believe that the risks and uncertainties associated with them will not have a material impact on the company or the group.

Report of the directors for the year ended 30 June 2021 (continued)

Sustainability

The directors are mindful of the need and impact of sustainability on the built environment and the companies' assets. Environmental Regulation, risk and impact on both rental values are considerations for the businesses.

The company maintains Energy Performance Certificates for each of its premises and works with the landlords and the tenants to improve energy efficiency.

Directors Indemnities

The parent company, Shop Direct Holdings Limited, 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.

Going concern

As referred to in the accounting policies, the directors have concluded that although the company is in a net current liability as well as a net liability position, it has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis of accounting in preparing the financial statements.

In determining whether the company's accounts can be prepared on a going concern basis, the directors considered the company's business activities together with factors likely to affect its future development, performance and its financial position including cash flows, liquidity position and borrowing facilities and the principal risks and uncertainties relating to its business activities.

Throughout the current financial year, the market for commercial investment property generally and distribution properties in particular remained very strong.

On the basis that the company has the support of its parent company, Trenport Property Holdings Limited, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for at least twelve months from the signing of the accounts. Accordingly, they continue to adopt the going concern basis in the preparation of the Annual report and financial statements.

Directors

The directors that held office during the year and up to the date of the signing of the financial statements were as follows:

R J Hall	
C D Hall	resigned 31 July 2020
S Heycock	resigned 30 June 2021
P L Peters	resigned 30 June 2021
D J Farrant	appointed 1 July 2021
G B Dibb	appointed 1 July 2021

Elective resolutions

The company has passed elective resolutions to dispense with the holding of general meetings and for the laying of the annual report and financial statements before the company in general meetings, until such time as the elections are revoked.

Report of the directors for the year ended 30 June 2021 (continued)

Statement to disclose information to the auditor

Each of the persons who are a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditor

Deloitte LLP has indicated their willingness to continue in office, pursuant to section 487(2) of the Companies Act 2006.

Approved by the board and signed on its behalf by:

D J Farrant
Director
15 December 2021

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 101 " Reduced Disclosure Framework". 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.

Independent auditor's report to the members of Old Hall Street Properties Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Old Hall Street Properties Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 June 2021 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 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Statement of comprehensive income;
- the Statement of financial position;
- the Statement of changes in equity;
- the Statement of accounting policies; and
- the related notes 1 - 19

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (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.

Independent auditor's report to the members of Old Hall Street Properties 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.

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

Independent auditor's report to the members of Old Hall Street Properties Limited (continued)

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, 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.

We discussed among the audit engagement team, including relevant internal specialists such as tax, regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulation in the following areas, and our specific procedures performed to address it are described below:

- Onerous Lease Provision: We have challenged the accuracy and completeness of the provision for onerous leases in Old Hall Street via agreement to underlying signed lease agreements. We have independently recalculated the onerous lease provision based on these signed lease agreements.

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 and legal counsel 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.

Report on other legal and regulatory requirements

Opinions on other matters 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 Report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the directors 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 Report of the directors.

Independent auditor's report to the members of Old Hall Street Properties Limited (continued)

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 Report of the directors' 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.

Rachel Argyle

Rachel Argyle (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Manchester, United Kingdom
15 December 2021

Old Hall Street Properties Limited

Statement of comprehensive income for the year ended 30 June 2021

	Notes	**2021 £'000**	2020 £'000
Turnover		**2,584**	233
Cost of sales		**(1,644)**	-
Gross profit		**940**	233
Administrative expenses		**11**	(2,193)
Operating profit/(loss)		**951**	(1,960)
Finance income	*16*	**365**	471
Finance charge	*2, 16*	**(704)**	(634)
Profit/(loss) before tax	*3*	**612**	(2,123)
Taxation	*4*	**(1,254)**	660
Loss and total comprehensive Expense for the financial year		**(642)**	(1,463)

The operating profit/(loss) for the financial year arises from the company's continuing operations.

The notes on pages 12 to 26 are an integral part of these financial statements.

Old Hall Street Properties Limited

Statement of Financial Position as at 30 June 2021

	Notes	**2021** **£'000**	2020 £'000
Non-current assets			
Tangible assets	*5*	**197**	199
Right of use assets	*6*	**1,838**	1,876
Intangible assets	*7*	**-**	52
Trade and other receivables	*8*	**133,177**	132,605
		135,212	134,732
Current assets			
Inventories	*9*	**-**	1,450
Trade and other receivables	*10*	**3,719**	4,982
		3,719	6,432
Total assets		**138,931**	141,164
Current liabilities			
Trade and other creditors	*11*	**(2,682)**	(1,263)
Lease liabilities	*16*	**(1,406)**	(1,847)
		(4,088)	(3,110)
Total assets less current liabilities		**134,843**	138,054
Non-current liabilities			
Provision for onerous lease liability	*12*	**(4,084)**	(5,226)
Lease liabilities	*16*	**(11,451)**	(12,878)
		(15,535)	(18,104)
Net assets		**119,308**	119,950
Capital and reserves			
Called-up share capital	*14*	**211,148**	211,148
Revaluation reserve		**100**	100
Retained earnings		**(91,940)**	(91,298)
Total shareholders' funds		**119,308**	119,950

The notes on pages 12 to 26 are an integral part of these financial statements.

The financial statements for Old Hall Street Properties Limited, company number 02765478, are presented on pages 9 to 26 and were approved by the board of directors on 15 December 2021 and signed on its behalf by:

D J Farrant
Director

Old Hall Street Properties Limited

Statement of changes in equity as at 30 June 2021

	Called up Share capital £'000	Revaluation Reserve £'000	Retained Earnings £'000	Total equity £'000
At 30 June 2019	211,148	100	(89,835)	121,413
Changes on transition to IFRS	-	-	-	-
At 1 July 2019 as restated	**211,148**	**100**	**(89,835)**	**121,413**
Loss for the financial year and total comprehensive income	-	-	(1,463)	(1,463)
At 30 June 2020	211,148	100	(91,298)	119,950
Loss for the financial year and total comprehensive expense	-	-	**(642)**	**(642)**
At 30 June 2021	**211,148**	**100**	**(91,940)**	**119,308**

Notes to the financial statements for the year ended 30 June 2021

Statement of accounting policies

General information

Old Hall Street Properties Limited ("the company") is a property management company. The company is a private company limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales, United Kingdom. The company's registered office is 2nd Floor, 14 St George Street, London W1S 1FE.

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

Basis of accounting

The individual financial statements of Old Hall Street Properties Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 101, "Reduced Disclosure Framework" ("FRS 101"), as issued by the Financial Reporting Council and the Companies Act 2006.

In the year ended 30 June 2021 the company has undergone transition from reporting under FRS 102 generally accepted accounting practice in the UK (UK GAAP) to FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

In preparing its opening FRS 101 Statement of financial position, the company has adjusted amounts reported previously in financial statements prepared in accordance with UK GAAP. An explanation of how the transition from UK GAAP to FRS 101 has affected the company's financial position and financial performance is set out in note 19 to the financial statements.

The significant accounting policies have been applied in preparing these financial statements and comparative information and in the preparation of an opening FRS 101 Statement of Financial Position at 1 July 2019.

The financial statements are prepared on the going concern basis given the financial support of its parent company, Trenport Property Holdings Limited, under the historical cost convention modified to include the revaluation of certain non-current assets and in accordance with the Companies Act 2006 and United Kingdom applicable accounting standards, which have been applied on a consistent basis with the previous year. The principal accounting policies are set out below.

Going concern

As referred to in the accounting policies, the directors have concluded that that although the company is in a net current liability as well as a net liability position, the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis of accounting in preparing the financial statements.

In determining whether the company's accounts can be prepared on a going concern basis, the directors considered the company's business activities together with factors likely to affect its future development, performance and its financial position including cash flows, liquidity position and borrowing facilities and the principal risks and uncertainties relating to its business activities. These are set out within the Report of the directors.

On the basis that the company has the support of its immediate parent company, Trenport Property Holdings Limited, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in the preparation of the Annual report and financial statements.

Statement of accounting policies (continued)

Exemptions for qualifying entities under FRS 101

The company meets the definition of a qualifying entity under FRS 101 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. These being a reconciliation of the number of shares outstanding at the beginning and end of the year, a statement of cash flows, key management personnel compensation and certain financial instrument disclosures on the basis that equivalent disclosures are included in the consolidated financial statements of the group in which the company is consolidated, being Trenport Property Holdings Limited.

Turnover – rental income

Turnover, which excludes value added tax, comprises the company's rental income from those properties in its portfolio, as well as the sale of properties that it treats as stock. Turnover is recognised for rental income on a straight line basis over the lease term. All turnover is generated from within the United Kingdom and from one class of business.

Leases

(i) The company as a lessee

At the inception of a contract, the company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease, if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The company recognises a right-of-use asset and a lease liability at the lease commencement date which is the date at which the asset is made available for use by the company.

The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, restoration costs and lease payments made at or before the commencement date less any lease incentives received. The right-of-use asset is depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Where the lease contains a purchase option, the asset is written off over the useful life of the asset when it is reasonably certain that the purchase option will be exercised. Right-of-use assets are subject to impairment testing.

The lease liability is initially measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or rate known at the commencement date, payments for a purchase option, payments for an optional renewal period and termination option payments if the company is reasonably certain to exercise those options. The lease term is the non-cancellable period of the lease adjusted for any renewal or termination options which are reasonably certain to be exercised. Management applied judgement in determining whether it is reasonably certain that a renewal or termination option will be exercised. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest implicit in the lease or where this cannot be readily determined, the lessee's incremental borrowing rate which is assumed to be between 4.76% and 5.21%. After the commencement date, the lease liability is measured at amortised cost using the effective interest method. It is remeasured if there is a modification, a change in future lease payments arising from a change in an index or rate, or if the company changes its assessment of whether it is reasonably certain to exercise an option within the contract.

Notes to the financial statements for the year ended 30 June 2021 (continued)

Statement of accounting policies (continued)

(i) The company as a lessee (continued)
The company has elected to apply the recognition exemptions for short-term and low-value leases and recognises the lease payments associated with these leases as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 months or less. Low-value assets with a cost less than £3,000.

(ii) The company as a lessor
The company enters into lease agreements as a lessor with respect to some of its investment properties.

Leases for which the company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the company's net investment outstanding in respect of the leases.

Subsequent to initial recognition, the company regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of IFRS 9, recognising an allowance for expected credit losses on the lease receivables.

Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which interest income is calculated with reference to their amortised cost (i.e. after a deduction of the loss allowance).

When a contract includes both lease and non-lease components, the company applies IFRS 16 to allocate the consideration under the contract to each component.

Tangible assets and depreciation

Freehold land and buildings are carried at valuation based on the existing lease. Values are assessed annually by the directors, based on the advice of professionally qualified chartered surveyors employed by the parent company. Revaluations are carried out by RICS qualified external valuers at least every five years. Any changes in the value are recognised in the statement of comprehensive income.

Property, plant and equipment are measured at cost. Depreciation is provided to write down the cost of tangible non-current assets to their estimated residual values by equal annual instalments over their estimated useful working lives as follows:

Property, plant & equipment	2% - 33% per annum

Land is not depreciated. Residual value is calculated on prices prevailing at the date of acquisition.

Notes to the financial statements for the year ended 30 June 2021 (continued)

Statement of accounting policies (continued)

Intangible assets

Computer software is stated at cost less accumulated amortisation and accumulated impairment losses. Software is amortised over its estimated useful life, of between three and five years, on a straight line basis. Amortisation is recorded within administration expenses.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstance.

Revaluation of properties

Individual freehold and leasehold properties, other than investment properties, are revalued to fair value every five years and the surplus or deficit on book value being transferred to the revaluation reserve, except that a deficit which is in excess of any previously recognised surplus over depreciated cost relating to the same property, or the reversal of such a deficit, is charged or credited to the Statement of comprehensive income.

Inventories

Land held for development and construction work in progress are valued at the lower of cost and net realisable value. Cost includes appropriate directly attributable overheads. Inventory values are reviewed regularly to check for potential impairments, and these are expensed to Profit and Loss when identified. Following the sale of land held for development to a group company, the carrying value of the inventory at year end is £nil (2020 £1,450K).

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the year end date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the year end date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception:

- deferred tax assets are recognised only to the extent that the directors consider that it is 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 on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the Statement of financial position. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the year end date that are expected to apply to the reversal of the timing difference.

Deferred tax relating to non-depreciable property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to the sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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 expense or income.

Statement of accounting policies (continued)

Taxation (continued)

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the year-end date, taking into account the risks and uncertainties surrounding the obligation. When some of the economic benefits required to settle a provision are expected to be recovered from a third party, the provision is reduced by this amount.

Provisions are discounted when the impact of doing so is material.

Financial instruments

The company has adopted IFRS 9 under FRS 101 in respect of financial instruments.

a) Financial assets

Basic financial assets are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.
At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Statement of accounting policies (continued)

Financial instruments (continued)

b) Financial liabilities

Basic financial liabilities are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at measured cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Critical accounting judgements and estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the company's accounting policies

The directors do not consider there to be any critical accounting judgements that must be applied.

Key sources of estimation uncertainty

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year are addressed below:

Provisions
Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event. The current provision is the net position for the onerous leases for the period up to 2069. The assumptions made are therefore highly subjective and subject to a large degree of uncertainty, especially with regards to amounts and terms of future leases. The current value at year end is £4,084,000 (2020: £5,229,000). See Note 12.

Notes to the financial statements for the year ended 30 June 2021 (continued)

1. Employees and directors

The company has no employees other than the directors (2020: same).

None of directors received any emoluments during the period for their services to the company (2020: £nil).

2. Finance charge

	2021 £'000	2020 £'000
Interest expense on leased assets (note 16)	**704**	634

3. Profit before taxation

Operating loss/profit is stated after (crediting)/charging:

	2021 £'000	2020 £'000
Sale of properties	**(2,295)**	-
Rental income	**(289)**	(233)
Cost of stock recognised as cost of sales	**1,644**	-
Audit of the financial statements	**3**	5
Depreciation of land and buildings	**2**	26
Amortisation of computer software	**23**	61
Provision for doubtful debts	**346**	-
Depreciation of right of use assets	**38**	84
Release of onerous lease provision	**(1,142)**	(5,932)
Impairment of right of use assets (note 6)	**-**	2,237

There were no non-audit fees payable to the auditor in the current or prior year.

4. Taxation

	2021 £'000	2020 £'000
Current taxation:		
UK corporation tax	**-**	-
Deferred taxation:		
Current year origination and reversal of timing differences	**1,727**	(417)
Prior year movement of timing differences	**389**	
Effect of a change in the tax rate	**(862)**	(243)
Total tax charge/(credit)	**1,254**	(660)

Notes to the financial statements for the year ended 30 June 2021 (continued)

4. Taxation (continued)

The tax credit assessed for the year is different to the standard rate of corporation tax in the UK at 19.0% (2020: 19.0%). The differences are explained below:

	2021 £'000	2020 £'000
Profit/(loss) before tax	**612**	(2,123)
Profit multiplied by the standard rate of corporation tax in the UK of 19.0% (2020: 19.0%)	**116**	(403)
Effects of:		
Rate change on opening deferred tax	**(862)**	-
Transfer pricing adjustment	**803**	925
Prior year adjustment	**1,727**	54
Origination and reversal of timing differences	**95**	(347)
Group relief losses surrendered for nil consideration	**(625)**	(708)
Transition from FRS 102 to FRS 101	**-**	(181)
Tax charge/(credit) for the year	**1,254**	(660)

The company earns its profits primarily in the UK. Therefore, the tax rate used for tax on profit is the standard rate of UK corporation tax of 19.0% (2020: 19.0%).

In the Finance Act 2021 which was enacted on 10 June 2021, the main rate of corporation tax will increase with effect from 1 April 2023 from 19% to 25%. The increase in the corporation tax rate has therefore been reflected in the valuation of our deferred tax assets at the balance sheet date. This has increased the deferred tax asset recognised by £355,000.

5. Tangible assets

	Freehold land £'000	Property, plant and equipment £'000	Total £'000
Cost or valuation			
At 1 July 2020	100	136	236
At 30 June 2021	**100**	**136**	**236**
Depreciation			
At 1 July 2020	-	(37)	(37)
Charged in the year	-	(2)	(2)
At 30 June 2021	**-**	**(39)**	**(39)**
Net book value			
At 30 June 2021	**100**	**97**	**197**
At 30 June 2020	100	99	199

The company's land was valued by the directors as at 30 June 2021. The valuation was performed in accordance with Red Book principles. Revaluations are carried out by internal RICS qualified valuers at least every year and by RICS qualified external valuers at least every five years. If the land had not been revalued the carrying amount would be £nil (2020 £nil).

Notes to the financial statements for the year ended 30 June 2021 (continued)

6. Right of use assets

	Right of use asset £'000
Cost	
Additions on transition to FRS 101 on 1 July 2019	4,197
Impairment	(2,237)
At 1 July 2020	1,960
At 30 June 2021	**1,960**
Depreciation	
At 1 July 2020	(84)
Charged in the year	(38)
At 30 June 2021	**(122)**
Net book value	
At 30 June 2021	**1,838**
At 30 June 2020	1,876

The impairment in the prior year is due to the fact that the lease matures in June 2069, yet the major tenant's lease terminates in 2022. The tenant has indicated they will renew their lease, but at a lower rental, so the right of use asset is held at its value which is deemed to be the recoverable amount under the new expected lease.

7. Intangible assets

	Computer software £'000
Cost	
At 1 July 2020	367
Disposal	(367)
At 30 June 2021	-
Amortisation	
At 1 July 2020	315
Charge for the year	23
Disposal	(338)
At 30 June 2021	-
Net book value	
At 30 June 2021	-
At 30 June 2020	52

Notes to the financial statements for the year ended 30 June 2021 (continued)

8. Trade and other receivables

	2021 £'000	2020 £'000
Non-current assets		
Sublease debtors	**4,632**	6,355
Intercompany debtor	**128,545**	126,250
	133,177	132,605

Restatement
During the current financial year, the company restated the prior year amount owed by a group undertaking of £126,250 from trade and other receivables within current assets to trade and other receivables within non-current assets. As the balance will be used on a continuing basis, it will not be realised within the normal course of business, nor within 12 months after year end.

The amount owed by the group undertaking is unsecured, interest free and repayable on demand.

See note 20 for the impact on current assets and non-current assets as a result of the restatement.

9. Inventories

	2021 £'000	2020 £'000
Land held for development	**-**	1,450

10. Trade and other receivables

Current assets	2021 £'000	2020 £'000
Prepayments and accrued income	**197**	227
Trade and other debtors	**245**	511
Sublease debtor	**1,801**	1,514
Deferred tax asset (note 13)	**1,476**	2,730
	3,719	4,982

The deferred tax asset is related to the onerous lease provision and is partially for expenditure falling after one year.

11. Trade and other creditors

	2021 £'000	2020 £'000
Amounts owed to group undertakings	**2,472**	1,000
Trade and other creditors	**-**	55
Accruals and deferred income	**210**	208
	2,682	1,263

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

Notes to the financial statements for the year ended 30 June 2021 (continued)

12. Onerous property provisons

	2021 £'000	2020 £m
Balance at 1 July	**5,226**	9,422
Transition to IFRS 16 at 1 July 2019	-	(5,332)
Additions in the year	-	1,736
Released in the year	**(1,142)**	(600)
Balance at 30 June	**4,084**	5,226

The amount recognised is the discounted amount of figure for the anticipated net expenditure for these leases. The rents payable and other outgoings are anticipated to utilised over the period to June 2069. The primary uncertainty is the potential income streams from third party tenants, the directors review these provisions at year end to ensure they are valued appropriately. The leases will have no residual value upon expiry.

Provisions are discounted at the 30-year gilt rate of 1.159% (2020: 0.61%) where the impact of doing so is material. The impact on the profit is the total of the discounting and release within the year.

13. Deferred taxation

The total potential asset for deferred taxation is as follows:

	2021 £'000	2020 £'000
Decelerated capital allowances	-	629
Fixed asset and short term timing differences	**1,476**	2,101
Potential deferred tax asset	**1,476**	2,730
Deferred taxation		
Opening deferred tax asset	**2,730**	2,070
Current year movement	**(389)**	555
Prior year movement	**(1,727)**	105
Rate change on opening deferred tax	**862**	-
Deferred tax asset recognised (note 10)	**1,476**	2,730

The deferred tax asset is mostly related to the provisions recognised by the company, which are expected to be fully utilised by June 2069.

14. Called-up share capital

	2021 £'000	2020 £'000
Authorised:		
300,000,000 (2020: 300,000,000) ordinary shares of £1 each	**300,000**	300,000
Allotted, issued and fully paid:		
211,147,620 (2020: 211,147,620) ordinary shares of £1 each	**211,148**	211,148

The company has one class of share which bear no right to fixed income.

Notes to the financial statements for the year ended 30 June 2021 (continued)

15. Reserves

The profit and loss reserve represents cumulative profits or losses, including unrealised profit on the remeasurement of investment properties and other adjustments.

The revaluation reserve represents the cumulative effect of revaluations of freehold land and buildings which are revalued to fair value at each reporting date.

16. Leases

On transition to FRS 101, the company has adopted IFRS 16 which supersedes IAS 17 (Leases). This is the first set of accounts presenting under IFRS 16 for years ending 30 June 2021 and 2020.

Amounts recognised in the Statement of Comprehensive Income

The Statement of Comprehensive Income includes the following amounts relating to leases:

	2021	2020
	£'000	£'000
Depreciation charge on right-of-use assets:		
Land and buildings	**38**	84
Impairment charge on leased asset	**-**	2,237
Interest income on leased assets	**(365)**	(471)
Interest expense on leased assets	**704**	634

Leasing Activities

The group enters into leases for properties. These property leases, which consist of office buildings and warehouses, have varying terms, renewal rights and escalation clauses, including periodic rent reviews.

Amounts recognised in the Statement of Financial Position

Right of use assets

	2021	2020
	£'000	£'000
Land and buildings	**1,838**	1,876

Sub-lease debtors

	2021	2020
	£'000	£'000
Current	**1,801**	1,514
Non-current	**4,632**	6,355
	6,433	7,869

The sub-lease debtors are in relation to finance leases with termination dates between February 2022 and December 2040 and have been discounted at a rate of 4.76%.

16. Leases (continued)

	2021 £'000	2020 £'000
Sub-lease debtors (continued)		
Not later than one year	**1,801**	1,514
Later than one year and not later than five years	**1,723**	2,343
Later than five years	**2,909**	4,012
	6,433	7,869

Lease liabilities

Comprised of:

	2021 £'000	2020 £'000
Current	**1,406**	1,847
Non-current	**11,451**	12,878
	12,857	14,725

17. Related party transactions

At 30 June 2021 the company's voting rights were controlled by its immediate holding company Trenport Property Holdings Limited, and the company has taken advantage of the exemption contained in FRS 101 and has therefore not disclosed transactions with entities which form part of the Shop Direct Holdings Limited group or are disclosed in the group financial statements.

18. Ultimate controlling party

The immediate holding company and smallest group into which the results of the company are consolidated is Trenport Property Holdings Limited, a company registered in England and Wales.

The largest publicly available group into which the results of the company are consolidated is the financial statements of Shop Direct Holdings Limited, a company registered in England and Wales, which the directors regard as being ultimately controlled by the Sir David Barclay and Sir Fredrick Barclay Family Settlements. The financial statements of Shop Direct Holdings Limited and Trenport Property Holdings Limited can be obtained by writing to 2nd Floor, 14 St George Street, London W1S 1FE, which is also the registered address of these entities.

19. Impact of transition to FRS 101

As stated in the statement of accounting policies, the company has transitioned from United Kingdom Generally Accepted Accounting Practice (UK GAAP) FRS 102 to FRS 101 during the current financial year.

The accounting policies set out in pages 12-17 have been applied in preparing these financial statements and comparative information and in the preparation of an opening FRS 101 Statement of financial position at 1 July 2019.

In preparing its opening FRS 101 Statement of financial position, the company has adjusted amounts reported previously in the financial statements prepared in accordance with UK GAAP. An explanation of how the transition from UK GAAP FRS 102 to FRS 101 has affected the company's financial position, financial performance and cash flows is set out below:

Notes to the financial statements for the year ended 30 June 2021 (continued)

19. Impact of transition to FRS 101 (continued)

Reconciliation of equity for the year ended 30 June 2020

		FRS 102 £'000	Restatement (See note 8) £'000	Impact of transition £'000	FRS 101 £'000
Non-current assets					
Tangible assets		199	-	-	199
Right of use assets	A	-	-	1,876	1,876
Intangible assets		52	-	-	52
Trade and other receivables	B	-	126,250	6,355	132,605
		251	126.250	8,231	134,732
Current assets					
Inventories		1,450		-	1,450
Trade and other receivables	B	129,718	(126,250)	1,514	4,982
		131,168	(126,250)	1,514	6,432
Total assets		131,419	-	9,745	141,164
Current liabilities					
Trade and other creditors		(1,263)	-	-	(1,263)
Obligations under finance leases	C	-	-	(1,847)	(1,847)
		(1,263)	-	(1,847)	(3,110)
Non-current liabilities					
Obligations under finance leases	C	-	-	(12,878)	(12,878)
Provisions for liabilities-onerous lease	D	(11,158)	-	5,932	(5,226)
		(11,158)	-	(6,946)	(18,104)
Total liabilities		(12,421)	-	(8,793)	(21,214)
Net assets		118,998	-	952	119,950
Share capital		211,148	-	-	211,148
Other reserves		100	-	-	100
Profit and loss account		(92,250)	-	952	(91,298)
Total equity		118,998	-	952	119,950

A Right of use asset

Under IFRS 16, a lessee is required to recognize a right of use asset representing its right to use the underlying leased asset.

B Sublease debtors

Where the company subleases property to tenants, and the sublease is considered to be a financing sublease under IFRS 16, a sub lease debtor is recognised on the balance sheet to represent the present value of future cash inflows. Where the sublease is considered to be an operating sublease, no debtor is recognised. Each financial year, the debtor decreases by amounts received from tenants during the year, and increases by the unwinding of discounting which is recognised as finance income in the Statement of Comprehensive Income.

Notes to the financial statements for the year ended 30 June 2021 (continued)

19. Impact of transition to FRS 101 (continued)

Notes to the reconciliation of equity

C Lease Liability

Under IFRS 16, a lessee is required to recognise a lease liability representing its obligation to make lease payments. over the lease term, discounted at the company's borrowing rate. Each financial year, the liability decreases by payments made to the landlord and increases by the unwinding of discounting, which is recognised as a finance cost in the Statement of Comprehensive Income.

D Onerous leases

Under FRS 102, onerous leases were included in property provisions. On adoption of IFRS 16, the company has utilised the expedient allowed to impair the right of asset by the previous onerous rent provision balance. This results in a lower onerous property provision, which now relates to rates, service charges and dilapidations. The liability for lease payments is now included as a lease liability in the Statement of Financial Position.

Reconciliation of comprehensive (expense)/income

		FRS 102 £'000	Impact of transition £'000	FRS 101 £'000
Turnover	E	946	(713)	233
Cost of sales	E	(937)	937	-
Gross profit		9	224	233
Administrative expenses	D	(2,450)	257	(2,193)
(147)**Operating loss**		(2,441)	481	(1,960)
Finance income	B	-	471	471
Finance charge	C	(634)	-	(634)
Loss before tax		(3,075)	952	(2,123)
Taxation		660	-	660
(Loss)/profit and total comprehensive expense for the year		(2,415)	952	(1,463)

E Revenue and Cost of sales

The Revenue adjustment is in respect of rent receivable under FRS 102 which is recognised against the sub-lease debtor under IFRS 16.

The Cost of sales adjustment is in respect of the rent payable Under FRS 102 which is recognised against the lease liability under IFRS 16.