

Frasers Management (UK) Limited

Annual report and financial statements

Registered number 02847139

30 September 2023



Contents

| | |
|--|-----------|
| Strategic report | 1 |
| Directors' report | 2 |
| Statement of directors' responsibilities in respect of the annual report and the financial statements | 3 |
| Independent auditor's report to the members of Frasers Management (UK) Limited | 4 |
| Profit and loss account | 8 |
| Balance sheet | 9 |
| Statement of changes in equity | 10 |
| Notes | 11 |

Strategic report

Business review

During the year, the company continued to provide project, property and asset management services.

Uncertainties caused by the current macroeconomic headwinds including high interest rates, inflation, cost of living pressures and an uncertain geopolitical environment have impacted activity throughout the real estate industry and conditions remain challenging. Turnover which principally comprises fee income is based on the performance and activities of the managed portfolio.

The directors acknowledge that the current economic headwinds brought challenges. The directors continue to monitor the situation closely and as such our business planning assumes a continuing recovery of the residential and commercial property market. The directors remain confident in the long-term recovery and therefore a positive outlook on the fee income to be earned from the project, property and asset management services.

During the year and following the enactment of the Building Safety Act 2022, the company recognised a provision in respect of remediating building safety risks associated with residential buildings with a height of 11 metres and above. This relates to buildings which were previously developed or owned in the 30 years prior to April 2022 by Fraser's Property (UK) Limited or its subsidiaries. Further details are provided in notes 14 and 20.

The basic "key performance indicators" (KPIs) that the company uses are the financial measures of gross and operating profit.

| | Turnover £000s | Operating Loss £000s |
|------|----------------|----------------------|
| 2023 | 7,072 | (14,346) |
| 2022 | 6,287 | (8,427) |

Disabled persons

It is the Company's policy to make no differentiation between the disabled and the able-bodied in recruitment, career development and promotion except in occupations where this policy conflicts with the Health & Safety at Work Regulations applicable to the construction and property development activities of the Group.

Employee involvement

Arrangements exist to keep all employees informed on matters of concern to them and where appropriate, they are consulted on matters which affect the progress of the group.

Donations

No political donations were made in the year (2022: £nil).

Environmental issues

The Company recognises that its commercial success is increasingly dependent upon careful consideration of the environmental, social and economic issues that affect the quality of life in the areas and communities in which it works.

The importance of environmental issues is recognised and when carrying out development work, the Company endeavours to make a positive contribution to the quality of the environment both for the present and the future.

Health and safety at work

The Company promotes all aspects of safety throughout its operations in the interests of employees, sub-contractors, visitors to its sites and premises and the general public.

By order of the Board



MJ Ratchford
Director

Registered Office:

95 Cromwell Road
London
SW7 4DL

Dated: 27 March 2024

Directors' report

The directors present the annual report together with the audited financial statements for the year ended 30 September 2023.

Principal activity

The principal activity of the company continues to be that of project, property and asset management.

Business review

The results for the year are shown in the profit and loss account on page 8. The company made a loss of £11,358,000 in the year (2022: loss £7,472,000). This is in line with the Directors' expectations.

Going concern

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the reasons set out in note 1.2.

Dividend

The directors do not recommend the payment of a dividend (2022: £nil).

Directors

The directors of the company who served during the year and to the date of this report were:

Mr MJ Ratchford

Mrs JJ del Beato

Ms E Beadle-Birch

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

KPMG LLP has indicated its willingness to continue in office and a resolution to reappoint it as auditor will be proposed at the next annual general meeting.

On behalf of the Board



MJ Ratchford

Registered Office:

95 Cromwell Road
London
SW7 4DL

Dated: 27 March 2024

Statement of directors' responsibilities in respect of the annual report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), 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 estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



Independent auditor's report to the members of Frasers Management (UK) Limited

Opinion

We have audited the financial statements of Frasers Management (UK) Limited ("the company") for the year ended 30 September 2023 which comprise the profit and loss account, statement of comprehensive income, balance sheet and statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Considering remuneration incentive schemes and performance targets for management and the directors.
- Using analytical procedures to identify any unusual or unexpected relationships.



Independent auditor's report to the members of Frasers Management (UK) Limited *(continued)*

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates such as provisions. On this audit we do not believe there is a fraud risk related to revenue recognition because there are limited incentives, rationalizations and opportunities to fraudulently adjust revenue recognition.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included unusual pairings with a credit or debit entry to cash and borrowing accounts and revenue accounts.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation, and property related regulations, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety law, data protection laws, anti-bribery, employment law and certain aspects of company legislation recognising the nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.



Independent auditor's report to the members of Frasers Management (UK) Limited *(continued)*

Strategic report and Directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.



Independent auditor's report to the members of Frasers Management (UK) Limited
(continued)

The purpose of our audit work and to whom we owe our responsibilities

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.

A handwritten signature in black ink, appearing to read 'syt' or 'sytu', written in a cursive style.

Sarah Tannock-Kitchen (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

One Snowhill

Snowhill Queensway

Birmingham, B4 6GH

Dated: 27 March 2024

Profit and loss account
for the year ended 30 September 2023

| | <i>Note</i> | 2023 £000 | 2022 £000 |
|--|-------------|----------------------------|----------------------------|
| Turnover | 2 | 7,072 | 6,287 |
| Cost of sales | | (15,642) | (8,085) |
| Gross loss | | <u>(8,570)</u> | <u>(1,798)</u> |
| Administrative expenses | | (5,776) | (6,629) |
| Other operating income | 6 | - | - |
| Operating loss | | <u>(14,346)</u> | <u>(8,427)</u> |
| Interest payable and similar expenses | 7 | (163) | (170) |
| Interest receivable and similar income | 8 | 106 | 8 |
| Loss before tax | | <u>(14,403)</u> | <u>(8,589)</u> |
| Taxation | 9 | 3,045 | 1,117 |
| Loss for the financial year | | <u><u>(11,358)</u></u> | <u><u>(7,472)</u></u> |

In both the current and prior year, the company made no material acquisitions and had no discontinued operations.

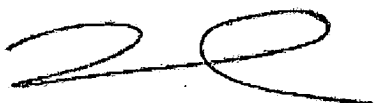
There were no recognised gains or losses in either the current or prior year other than the result shown above. Accordingly, no statement of other comprehensive income is presented.

The notes form an integral part of the financial statements.

Balance sheet
at 30 September 2023

| | Note | 2023 £000 | 2022 £000 |
|--|------|-----------------|-----------------|
| Fixed assets | | | |
| Tangible assets | 10 | 4,100 | 4,769 |
| Intangible assets | 11 | 45 | 95 |
| | | <u>4,145</u> | <u>4,864</u> |
| Current assets | | | |
| Debtors | 12 | 7,209 | 5,331 |
| Cash at bank and in hand | | 912 | 5,290 |
| | | <u>8,121</u> | <u>10,621</u> |
| Creditors: amounts falling due within one year | 13 | (37,816) | (35,296) |
| Provisions | 14 | (6,157) | - |
| | | <u>(43,973)</u> | <u>(35,296)</u> |
| Net current liabilities | | (35,852) | (24,675) |
| Creditors: amounts falling due after more than one year | 15 | (3,468) | (4,006) |
| | | <u>(35,175)</u> | <u>(23,817)</u> |
| Net liabilities | | | |
| Capital and reserves | | | |
| Called up share capital | 16 | - | - |
| Share premium account | 16 | 4,594 | 4,594 |
| Profit and loss account | | (39,769) | (28,411) |
| | | <u>(35,175)</u> | <u>(23,817)</u> |
| Shareholders' deficit | | | |
| | | <u>(35,175)</u> | <u>(23,817)</u> |

These financial statements were approved by the board of directors on 27 March 2024 and were signed on its behalf by:



MJ Ratchford
Director

Company registered number: 02847139

The notes form an integral part of the financial statements.

Statement of changes in equity

| | Called up share capital £000 | Share premium account £000 | Profit and loss account £000 | Total equity £000 |
|--|---------------------------------------|-------------------------------------|------------------------------------|----------------------|
| Balance at 1 October 2021 | - | 4,594 | (20,939) | (16,345) |
| Total comprehensive income for the period | | | | |
| Loss for the year | - | - | (7,472) | (7,472) |
| Balance at 30 September 2022 | - | 4,594 | (28,411) | (23,817) |

| | Called up share capital £000 | Share premium account £000 | Profit and loss account £000 | Total equity £000 |
|--|---------------------------------------|-------------------------------------|------------------------------------|----------------------|
| Balance at 1 October 2022 | - | 4,594 | (28,411) | (23,817) |
| Total comprehensive income for the period | | | | |
| Loss for the year | - | - | (11,358) | (11,358) |
| Balance at 30 September 2023 | - | 4,594 | (39,769) | (35,175) |

The notes form an integral part of the financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Frasers Management (UK) Limited (the “Company”) is a company incorporated and domiciled in the UK. The registered number is 02847139 and the registered address is 95 Cromwell Road, London, SW7 4DL.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* (“FRS 101”).

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 (“Adopted IFRSs”), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company’s intermediate parent undertaking, Frasers Property (UK) Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Frasers Property (UK) Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the address given in note 19.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

As the consolidated financial statements of Frasers Property (UK) Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 20.

1.1. Measurement convention

The financial statements are prepared on the historical cost basis.

Notes *(continued)*

1 **Accounting policies** *(continued)*

1.2. **Going concern**

Notwithstanding net current liabilities of £35,852,000 as at 30 September 2023 and a loss for the year of £11,358,000, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared a going concern assessment for the company and cash flow forecasts for the Frasers Property (UK) Limited Group, for a period of 12 months from the date of approval of these financial statements ("the going concern assessment period"). The directors have given careful consideration to severe but plausible downside sensitivities to the base forecast cash flows which take into consideration the current economic environment - rising interest rates, inflation, cost of living pressures and an uncertain geopolitical environment. In forming their view the directors have taken into consideration that Frasers Property Limited, the penultimate parent company, has provided a letter of support to the directors of the Company to confirm that it intends, should the need arise, to provide financial and/or other support to the Company, including, if required, not seeking repayment of amounts currently made available (Note 13 - £624,000 at 30 September 2023).

Having performed this assessment, the directors are confident that the Company will have sufficient funds to continue in operational existence by meeting its liabilities as they fall due for payment for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis. As with any entity placing reliance on other group entities for financial support, the Board acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. As a result, the directors believe that it is appropriate to prepare the financial statements on a going concern basis.

1.3. **Foreign currency**

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.4. **Classification of financial instruments issued by the Company**

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Notes (continued)

1 Accounting policies (continued)

1.5 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

1.6 Intra-group financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

1.7 Impairment

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes (continued)

1 Accounting policies (continued)

1.8. Turnover

Turnover, which excludes value added tax, represents the income arising from the management of property developments and serviced apartments.

1.9. Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

| | |
|-----------------------|-----------------|
| Plant and machinery | - 20% per annum |
| Fixtures and fittings | - 20% per annum |
| Motor vehicles | - 20% per annum |
| Computer equipment | - 33% per annum |

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

1.10. Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is provided on the following bases:

| | |
|----------------|-----------------|
| Software costs | - 33% per annum |
|----------------|-----------------|

1.11. Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.12. Expenses

Interest receivable and payable

Interest receivable/payable is recognised in profit or loss as it accrues, using the effective interest method.

1.13. Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Notes (continued)

1 Accounting policies (continued)

1.14. Leases

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 the right to control the use of an identified asset for a period of time in exchange for consideration. IFRS 16.

As a lessee

The Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price and the aggregate stand-alone price of the non-lease components.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred [and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located], less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise,
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Notes (continued)

2 Turnover

All turnover is generated in the United Kingdom from the provision of services in relation to the principal activities of the Company being property management and administration.

3 Auditor's remuneration

Included in profit/loss are the following:

| | 2023 | 2022 |
|-------------------------------------|-------------|-------------|
| | £000 | £000 |
| Audit of these financial statements | 4 | 4 |

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, Frasers Property (UK) Limited. Audit fees have been borne by other group companies on the Company's behalf.

4 Staff numbers and costs

| | 2023 | 2022 |
|--|---------------|---------------|
| | £000 | £000 |
| <i>Staff costs, excluding directors, during the year were:</i> | | |
| Wages and salaries | 9,485 | 8,085 |
| Social security costs | 1,279 | 1,186 |
| Pension costs | 450 | 389 |
| | 11,214 | 9,660 |
| | Number | Number |
| <i>The average number of persons employed by the company during the year was as follows:</i> | | |
| Administrative | 78 | 68 |
| Directors | 3 | 3 |

Notes (continued)

5 Directors' remuneration

The directors of the company are also directors or officers of a number of the companies within the group.

| | 2023 £000 | Restated 2022 £000 |
|---|--------------|--------------------------|
| Directors' emoluments | 1,759 | 1,591 |
| Company contributions to money purchase pension plans | 107 | 99 |
| | <u>1,866</u> | <u>1,690</u> |

The number of directors who had retirement benefits accruing under a defined contributions scheme was three (2022: three).

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £945,000 (2022: £877,000).

As well as being separately disclosed, the Company identified that contributions to money purchase pension plans were also included in directors' emoluments such that it was overstated £99,000 in the prior period. This has been corrected by restating directors' emoluments for prior periods. There is no other impact on the financial statements.

6 Other operating income

| | 2023 £000 | 2022 £000 |
|---------------|--------------|--------------|
| Sundry income | - | - |
| | <u>-</u> | <u>-</u> |

7 Interest payable and similar expenses

| | 2023 £000 | 2022 £000 |
|----------------------------|--------------|--------------|
| Interest payable on leases | 162 | 166 |
| Bank interest | 1 | 4 |
| | <u>163</u> | <u>170</u> |

8 Interest receivable and similar income

| | 2023 £000 | 2022 £000 |
|---------------|--------------|--------------|
| Bank interest | 106 | 8 |
| | <u>106</u> | <u>8</u> |

Notes (continued)

9 Taxation

Recognised in the profit and loss account

| | 2023 | | 2022 |
|---|---------|---------|---------|
| | £000 | £000 | £000 |
| <i>UK corporation tax</i> | | | |
| Current tax on loss for the period | (2,705) | | (1,587) |
| Adjustments in respect of prior periods | (340) | | - |
| | <hr/> | | <hr/> |
| Total current tax | | (3,045) | (1,587) |
| <i>Deferred tax</i> | | | |
| Adjustments in respect of prior periods | - | | 470 |
| | <hr/> | | <hr/> |
| Total deferred tax | | - | 470 |
| | | <hr/> | <hr/> |
| Tax on loss | | (3,045) | (1,117) |
| | | <hr/> | <hr/> |

Reconciliation of effective tax rate

| | 2023 | 2022 |
|--|----------|---------|
| | £000 | £000 |
| Loss for the year | (11,358) | (7,472) |
| Total tax (income) / expense | (3,045) | (1,117) |
| | <hr/> | <hr/> |
| Loss excluding taxation | (14,403) | (8,589) |
| | <hr/> | <hr/> |
| Tax using the UK corporation tax rate of 22% (2022: 19%) | (3,169) | (1,633) |
| Permanent differences | 49 | 29 |
| Income not subject to tax | - | - |
| Group relief surrendered for nil payment | 371 | 17 |
| Adjustments in respect of prior periods | (340) | 470 |
| Movement in deferred tax not recognised | 50 | - |
| Adjust closing deferred tax to average rate of 22% | (6) | - |
| Utilisation of previously recognised tax loss carry-forwards | - | - |
| | <hr/> | <hr/> |
| Total tax (income) / expense | (3,045) | (1,117) |
| | <hr/> | <hr/> |

Unrecognised deferred tax assets/(liabilities)

The following deferred tax assets/(liabilities) have not been recognised:

| | 2023 | 2022 |
|----------------------------------|-------|-------|
| | £000 | £000 |
| Tangible fixed assets | 51 | 37 |
| Short term temporary differences | 491 | 157 |
| | <hr/> | <hr/> |

The movement in the unrecognised deferred tax balance is due to changes in the future UK corporate tax rate.

A change to the main UK corporation tax rate was announced in the UK Budget on 3 March 2021, and substantively enacted on 24 May 2021. The Budget announced an increase in the Corporation Tax main rate of 19% to 25% with effect from 1 April 2023.

Deferred tax balances are held at the tax rate of 25% (2022: 25%). This change in rate will increase the company's future current tax charge accordingly.

Notes (continued)

10 Tangible fixed assets

| | Land and buildings £000 | Fixtures and fittings £000 | Computer equipment £000 | Total £000 |
|---------------------------------|-------------------------------|----------------------------------|-------------------------------|---------------|
| Cost | | | | |
| At 1 October 2022 | 5,521 | 748 | 303 | 6,572 |
| Disposals | - | - | - | - |
| Transfers | - | - | - | - |
| Additions | - | - | 73 | 73 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| At 30 September 2023 | 5,521 | 748 | 376 | 6,645 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Accumulated depreciation | | | | |
| At 1 October 2022 | 1,398 | 217 | 188 | 1,803 |
| Disposals | - | - | - | - |
| Charge for the year | 538 | 138 | 66 | 742 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| At 30 September 2023 | 1,936 | 355 | 254 | 2,545 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Net book value | | | | |
| At 30 September 2023 | 3,585 | 393 | 122 | 4,100 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| At 30 September 2022 | 4,123 | 531 | 115 | 4,769 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

11 Intangible assets

| | Software costs £000 |
|---------------------------------|------------------------|
| Cost: | |
| At 1 October 2022 | 436 |
| Additions | - |
| | <hr/> |
| At 30 September 2023 | 436 |
| | <hr/> |
| Accumulated amortisation | |
| At 1 October 2022 | 341 |
| Charge for the year | 50 |
| | <hr/> |
| At 30 September 2023 | 391 |
| | <hr/> |
| Net book value: | |
| At 30 September 2023 | 45 |
| | <hr/> |
| At 30 September 2022 | 95 |
| | <hr/> |

Notes (continued)

12 Debtors

| | 2023 £000 | 2022 £000 |
|--|--------------|--------------|
| Trade debtors | 1 | 5 |
| Amounts owed by related undertakings (note 18) | 2,258 | 3,446 |
| Prepayments and accrued income | - | 298 |
| Other debtors | 4,913 | 1,582 |
| | <u>7,209</u> | <u>5,331</u> |

The company has amounts due from group undertakings which are interest free and repayable on demand.

13 Creditors: amounts falling due within one year

| | 2023 £000 | 2022 £000 |
|--|---------------|---------------|
| Trade creditors | 128 | 22 |
| Amounts owed to group undertakings | 32,718 | 28,738 |
| Amounts owed to related undertakings (note 18) | 624 | 592 |
| Lease liabilities | 539 | 519 |
| Taxation and social security | - | 105 |
| Other creditors and accruals | 3,807 | 5,320 |
| | <u>37,816</u> | <u>35,296</u> |

The company has amounts owed to group undertakings which are interest free and repayable on demand.

14 Provisions

| | Building Safety provision £000 |
|------------------------------|--------------------------------------|
| Balance at 1 October 2022 | - |
| Additions | 6,157 |
| | <u>6,157</u> |
| Balance at 30 September 2023 | <u>6,157</u> |

The Building Safety Act 2022 contains retrospective legislative changes and additional measures to address building safety risks concerning residential and mixed-use buildings with a height of 11 metres and above. The parent company, Frasers Property (UK) Limited, was legally obliged and entered into a contract with the UK Government on 13 March 2023, relating to developer self-remediation to deliver safe residential and mixed-used buildings consistent with the Act. The provision has been recognised in the company rather than the parent company, as the company is the trading and operational entity within the group. The parent company acts as a passive holding company rather than an operational company.

The provision for cladding for £6.2m, is for expenditure associated with remediating these building safety risks. This relates to several buildings which were previously developed or owned in the 30 years prior to April 2022 by Frasers Property (UK) Limited or its subsidiaries. This provision does not include any potential recoveries from third parties.

Determining the estimate is a complex process requiring significant judgement with respect to whether there is an obligating event and the quantum of any liability (refer to note 20).

Notes (continued)

15 Creditors: amounts falling due after more than one year

| | 2023 £000 | 2022 £000 |
|-------------------|--------------|--------------|
| Lease liabilities | 3,466 | 4,006 |
| | <u>3,466</u> | <u>4,006</u> |

16 Capital and reserves

Share capital

| | 2023 £000 | 2022 £000 |
|---|--------------|--------------|
| <i>Allotted, called up and fully paid</i> | | |
| 3 Ordinary shares of £1 each | - | - |
| | <u>-</u> | <u>-</u> |
| Shares classified in shareholders' funds | - | - |
| | <u>-</u> | <u>-</u> |

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Share premium account

The balance classified as share premium relates to the aggregate net proceeds less nominal value of shares on issue of the Company's equity share capital.

Dividends

No dividends were paid during the period (2022: £nil). After the balance sheet date dividends of £nil per qualifying ordinary share (2022: £nil) were proposed by the directors.

17 Leases

Right-of-use assets

Right-of-use assets related to lease properties that do not meet the definition of investment properties are presented as property, plant and equipment (see note 10):

| | Land and buildings £000 | Plant and equipment £000 | Fixtures & fittings £000 | Motor Vehicles £000 | Total £000 |
|----------------------------------|-------------------------------|--------------------------------|--------------------------------|---------------------------|---------------|
| Balance at 1 October 2022 | 4,123 | - | - | - | 4,123 |
| Additions to right-of-use assets | - | - | - | - | - |
| Depreciation charge for the year | (538) | - | - | - | (538) |
| | <u>3,585</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>3,585</u> |
| Balance at 30 September 2023 | 3,585 | - | - | - | 3,585 |

Amounts recognised in profit or loss

The following amounts have been recognised in profit or loss for which the Company is a lessee:

| | 2023 £000 | 2022 £000 |
|---------------------------------------|--------------|--------------|
| Leases under IFRS 16 | | |
| Interest expense on lease liabilities | 162 | 166 |

Notes (continued)

18 Related parties

Frasers Property Corporate Services is a fellow subsidiary of the ultimate parent company TCC Assets Limited and at the year end the amount owed to Frasers Property Corporate Services was £572,000 (2022: £581,000).

Frasers (UK) Pte Limited is a fellow subsidiary of the ultimate parent company TCC Assets Limited and at the year end the amount owed to Frasers (UK) Pte Limited was £2,444 (2022: £2,000).

Frasers Logistics & Commercial Asset Management PTE Ltd is a fellow subsidiary of the ultimate parent company TCC Assets Limited and at the year end the amount owed by Frasers Logistics & Commercial Asset Management PTE Ltd was £835,000 (2022: £614,000).

FP Holdco (Jersey) Limited is a fellow subsidiary of the ultimate parent company TCC Assets Limited and at the year end the amount owed by FP Holdco (Jersey) Limited was £nil (2022: £1,000).

FP Holdco (Jersey 2) Limited is a fellow subsidiary of the ultimate parent company TCC Assets Limited and at the year end the amount owed by FP Holdco (Jersey 2) Limited was £nil (2022: £1,000).

Frasers (Central House) Limited is a fellow subsidiary of the ultimate parent company TCC Assets Limited and at the year end the amount owed by Frasers (Central House) Limited was £2,400 (2022: £1,000).

Aviemore Chineham Unit Trust is a fellow subsidiary of the ultimate parent company TCC Assets Limited and at the year end the amount owed by Aviemore Chineham Unit Trust was £177,000 (2022: £681,000).

Watchmoor Park SARL is a fellow subsidiary of the ultimate parent company TCC Assets Limited and at the year end the amount owed by Watchmoor Park SARL was £nil (2022: £2,000).

Winnersh Investments SARL is a fellow subsidiary of the ultimate parent company TCC Assets Limited and at the year end the amount owed by Winnersh Investments SARL was £12,000 (2022: £nil).

Winnersh Midco SARL is a fellow subsidiary of the ultimate parent company TCC Assets Limited and at the year end the amount owed by Winnersh Midco SARL was £378,000 (2022: £1,442,000).

Aviemore Hillington Unit Trust is a fellow subsidiary of the ultimate parent company TCC Assets Limited and at the year end the amount owed by Aviemore Hillington Unit Trust was £337,000 (2022: £516,000).

Maxis Business Park Limited is a fellow subsidiary of the ultimate parent company TCC Assets Limited and at the year end the amount owed by Maxis Business Park Limited was £25,000 (2022: £5,000).

Farnborough Business Park Limited is a fellow subsidiary of the ultimate parent company TCC Assets Limited and at the year end the amount owed by Farnborough Business Park Limited was £29,000 (2022: £75,000).

Frasers Property Holdings UK Limited is a fellow subsidiary of the ultimate parent company TCC Assets Limited and at the year end the amount owed by Frasers Property Holdings UK Limited was £nil (2022: £1,000).

Bedfont Lakes Limited is a fellow subsidiary of the ultimate parent company TCC Assets Limited and at the year end the amount owed by Bedfont Lakes Limited was £56,000 (2022: £1,000).

Notes (continued)

18 Related parties (continued)

Connexion Trust is a fellow subsidiary of the ultimate parent company TCC Assets Limited and at the year end the amount owed by Connexion Trust was £nil (2022: £4,000).

BVP Trust is a fellow subsidiary of the ultimate parent company TCC Assets Limited and at the year end the amount owed by BVP Trust was £nil (2022: £19,000).

Frasers Hospitality Limited is a fellow subsidiary of the ultimate parent company TCC Assets Limited and at the year end the amount owed by Frasers Hospitality Limited was £278,000 (2022: owed to £9,000).

Malmaison HDV Brand Services Limited is a fellow subsidiary of the ultimate parent company TCC Assets Limited and at the year end the amount owed to Malmaison HDV Brand Services Limited was £4,700 (2022: £nil).

HDV Trading Limited is a fellow subsidiary of the ultimate parent company TCC Assets Limited and at the year end the amount owed to HDV Trading Limited was £1,000 (2022: £nil).

Malmaison HDV Property Holding Limited is a fellow subsidiary of the ultimate parent company TCC Assets Limited and at the year end the amount owed from Malmaison HDV Property Holding Limited was £1,000 (2022: £nil).

Frasers Property Australia is a fellow subsidiary of the ultimate parent company TCC Assets Limited and at the year end the amount owed to Frasers Property Australia was £44,000 (2022: £nil).

FPE Advisory is a fellow subsidiary of the ultimate parent company TCC Assets Limited and at the year end the amount owed by FPE Advisory was £63,000 (2022: £52,000).

As the Company is a wholly owned subsidiary of Frasers Property (UK) Limited, the Company has taken advantage of the exemption contained within FRS 101 paragraph 8K and has therefore not disclosed transactions or balances with wholly owned entities which form part of the Group headed by Frasers Property (UK) Limited.

19 Ultimate parent company and parent company of larger group

The company's immediate parent undertaking is Frasers Property (UK) Limited, a company incorporated in Great Britain and registered in England and Wales. The smallest group for which consolidated financial statements are prepared is headed by Frasers Property (UK) Limited. Copies of the financial statements of Frasers Property (UK) Limited are available from Frasers Property (UK) Limited, 95 Cromwell Road, London, SW7 4DL.

The company's ultimate parent undertaking and controlling party is TCC Assets Limited, a company incorporated and registered in British Virgin Islands. The largest group for which consolidated financial statements are prepared is headed by TCC Assets Limited. The consolidated accounts of TCC Assets Limited are not available to the public.

Notes (continued)

20 Accounting estimates and judgements

Fire safety cladding

Management have reviewed all current legal and constructive obligations with regards to remedial work to rectify legacy fire safety issues. Where known obligations exist, these have been evaluated for the likely cost to complete and an appropriate provision has been created. Currently proposed legislative and regulatory changes create significant uncertainty around the extent of remediation required for legacy buildings, the liability for such remediation and the time period to be considered. This implies inherent uncertainty as to the precise future obligations in respect of legacy fire safety issues.

The Directors have made estimates as to the extent of the remedial works required and the associated costs, using currently available information including third-party quotations where possible or the Secretary of State for Levelling Up, Housing and Communities, which is the government body responsible for implementing the legislation. Given we are at the early stages of this process and fire risk assessments need to be undertaken, this is managements' best estimate on the information available. Key risks include new information in relation to already identified buildings.

The estimate of any potential liability is based on incomplete information and will be updated as work and time progresses.

A sensitivity analysis for the building safety provision has been undertaken. Properties with known or immaterial costs have not been included in the sensitivity analysis and therefore the sensitivity assumptions are only applicable to the remaining properties.

The sensitivity of the provision balance to the following possible movements in assumptions is shown below:

Sensitivity

| | Increase in provision at 30 September 2023 £000 |
|--|--|
| 10% increase in estimated remediation cost | 375 |