

Registered number: 4189735

FREDERICK COURT LIMITED

REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2019



FREDERICK COURT LIMITED

31 DECEMBER 2019

CORPORATE INFORMATION

Directors:	H R Seaborn S Patel P M Loutit
Secretary:	P M Loutit
Registered office:	10 Duke of York Square London SW3 4LY United Kingdom
Registered number:	4189735
Auditor:	Ernst & Young LLP 1 More London Place London SE1 2AF

FREDERICK COURT LIMITED

REGISTERED NUMBER: 4189735

STRATEGIC REPORT

The directors present their strategic report for the year ended 31 December 2019.

REVIEW OF THE BUSINESS

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

During the year the company recorded a loss attributable to shareholders of £110,132 (2018 – £37,938).

APPROACH TO RISK MANAGEMENT

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

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

By order of the board



P M Loutit
Secretary

25 June 2020

FREDERICK COURT LIMITED

REGISTERED NUMBER: 4189735

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 December 2019.

PRINCIPAL ACTIVITY

The principal activity of the company is residential property letting.

DIVIDENDS

No dividend was paid in the year (2018 – nil).

FUTURE DEVELOPMENTS

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

FINANCIAL RISK MANAGEMENT

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

DIRECTORS

Of the directors listed on page 1, all held office for the financial year and up to the date of this report, except Sanjay Patel who was appointed to the board on 18 March 2019.

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

GOING CONCERN

The directors have considered the appropriateness of adopting the going concern basis in preparing the financial statements for the year ended 31 December 2019, focusing in particular on the impact of COVID-19 on the economy, consumers and the Group's tenants.

The company owes £441,049 (2018: £336,099) to Cadogan Group Limited and subsidiary undertakings ("the Group"), all due within a year. The company is therefore reliant on the Cadogan Group Limited (immediate parent company of the Group) exercising its control of the Group to ensure that the amounts are not called in within the next 12 months. The company is also reliant on Cadogan Group Limited for other funding needs to ensure that it can meet its liabilities as they fall due. The company has received a letter of support from Cadogan Group Limited committing to not calling in amounts due to the Group and to providing appropriate finance for the 12 months from approval of the financial statements.

The directors of the company have also satisfied themselves that Cadogan Group Limited is able to provide the support indicated in its letter. This assessment is based on the Cadogan Group Limited financial forecasts of the Group for the 12 month period to 30 June 2021. The base case revised forecast for the Group takes into account the expected impact of the COVID-19 pandemic, with key assumptions on the reduction in rental income, capital expenditure, acquisitions, operational expenses, dividends and property values. These projections demonstrate comfortable levels of headroom of facilities and covenants.

FREDERICK COURT LIMITED
REGISTERED NUMBER: 4189735

DIRECTORS' REPORT

GOING CONCERN (continued)

Further stress testing has been performed to take account of more pessimistic scenarios with lower levels of recovered rental income and further reduced property values. These downside scenarios still demonstrate sufficient levels of headroom of facilities and covenants.

Base case and downside scenarios assume no new financing in the period to 30 June 2020, although the directors have reason to believe that there remains a good appetite for Cadogan Group debt at its relatively low loan-to-value ratios.

Based on these considerations, what we know today about the impact of COVID-19 and the directors' knowledge of Cadogan's property portfolio and the market in which it operates, the directors have a reasonable expectation that, with the support of Cadogan Group Limited, the company has adequate resources to continue in operational existence for at least 12 months from the date of approval of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

DIRECTORS' RESPONSIBILITIES STATEMENT

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

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

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

FREDERICK COURT LIMITED

DIRECTORS' REPORT (continued)

DISCLOSURE OF INFORMATION TO THE AUDITOR

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

By order of the board



PM Loutit
Secretary

25 June 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FREDERICK COURT LIMITED

Opinion

We have audited the financial statements of Frederick Court Limited for the year ended 31 December 2019 which comprise the Income Statement, Statement of Comprehensive Income, Statement of Changes of Equity, Statement of Financial Position and the related notes 1 to 10, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Emphasis of matter

We draw attention to both the Directors' Report and accounting policies of the financial statements, which describes the economic and social disruption the company is facing as a result of COVID-19 which is impacting liquidity of both the company and its key tenants. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FREDERICK COURT 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.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FREDERICK COURT LIMITED (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3 and 4 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 Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



B Forsyth (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
26 June 2020

FREDERICK COURT LIMITED

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £	2018 £
Turnover	2	234,674	228,707
Property expenses		(388,614)	(297,121)
		<hr/>	<hr/>
Net rental income		(153,940)	(68,414)
Other property income		26,010	27,933
		<hr/>	<hr/>
Net rents receivable		(127,930)	(40,481)
Administrative expenses		(8,035)	(6,356)
		<hr/>	<hr/>
OPERATING LOSS	4	(135,965)	(46,837)
		<hr/>	<hr/>
LOSS BEFORE TAXATION		(135,965)	(46,837)
Tax on loss	5	25,833	8,899
		<hr/>	<hr/>
RETAINED LOSS FOR THE FINANCIAL YEAR		(110,132)	(37,938)
		=====	=====

Notes 1 to 10 form an integral part of these financial statements

FREDERICK COURT LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

There was no other comprehensive income during the year and therefore total comprehensive income for the year equals the loss attributable to shareholders of the company of £110,132 in the year ended 31 December 2019 and the loss attributable to shareholders of the company of £37,938 in the year ended 31 December 2018.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital £	Profit and loss account £	Shareholders' equity £
At 1 January 2018	2	(257,292)	(257,290)
Loss for year	-	(37,938)	(37,938)
	----	-----	-----
Total comprehensive loss for the year	-	(37,938)	(37,938)
	----	-----	-----
At 31 December 2018	2	(295,230)	(295,228)
	===	=====	=====
At 1 January 2019	2	(295,230)	(295,228)
Loss for year	-	(110,132)	(110,132)
	----	-----	-----
Total comprehensive loss for the year	-	(110,132)	(110,132)
	----	-----	-----
At 31 December 2019	2	(405,362)	(405,360)
	===	=====	=====

Notes 1 to 10 form an integral part of these financial statements

FREDERICK COURT LIMITED

STATEMENT OF FINANCIAL POSITION 31 DECEMBER 2019

		2019	2018
	Note	£	£
CURRENT ASSETS			
Debtors	6	83,732	70,161
		<u> </u>	<u> </u>
CREDITORS - amounts falling due within one year			
Other creditors	7	48,043	29,290
Amount owed to parent undertaking		441,049	336,099
		<u> </u>	<u> </u>
		489,092	365,389
		<u> </u>	<u> </u>
NET CURRENT LIABILITIES		(405,360)	(295,228)
		<u> </u>	<u> </u>
NET LIABILITIES		(405,360)	(295,228)
		=====	=====
CAPITAL AND RESERVES			
Called up share capital	8	2	2
Profit and loss account		(405,362)	(295,230)
		<u> </u>	<u> </u>
EQUITY SHAREHOLDERS' DEFICIT		(405,360)	(295,228)
		=====	=====

H R Seaborn - Director

S Patel – Director

25 June 2020

Notes 1 to 10 form an integral part of these financial statements

FREDERICK COURT LIMITED

NOTES ON THE FINANCIAL STATEMENTS 31 DECEMBER 2019

1 ACCOUNTING POLICIES

(a) Statement of compliance

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

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

Basis of preparation

The financial statements of Frederick Court Limited were authorised for issue by the Board of Directors on 25 June 2020.

The financial statements have been prepared on a historical cost basis in accordance with applicable accounting standards. The financial statements are prepared in sterling which is the functional currency of the company.

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

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

Going concern

The company has both net current liabilities and net liabilities primarily arising from amounts owed to group undertakings. The company has received assurances from its operational parent undertaking, Cadogan Group Limited, that it will provide the financial support to meet the company's liabilities as and when they fall due for a period of not less than 12 months from the date of the approval of the financial statements and it is therefore appropriate to prepare the financial statements on the going concern basis.

FREDERICK COURT LIMITED

NOTES ON THE FINANCIAL STATEMENTS 31 DECEMBER 2019

1 ACCOUNTING POLICIES (continued)

(b) Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. There are no judgements (apart from those involving estimates) that have had a significant effect on amounts recognised in the financial statements.

(c) Turnover and revenue recognition.

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

Rental income

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

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

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

Taxation

The company establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

FREDERICK COURT LIMITED

NOTES ON THE FINANCIAL STATEMENTS 31 DECEMBER 2019

1 ACCOUNTING POLICIES (continued)

(d) Related parties

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

(e) Taxation

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

2 TURNOVER

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

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

3 STAFF COSTS

The company did not employ any staff during the year (2018 – nil).

The directors received no remuneration during the year (2018– nil).

4 OPERATING LOSS is stated after charging:

	2019	2018
	£	£
Auditor's remuneration – audit of the financial statements	8,000	6,300
	<hr/>	<hr/>

FREDERICK COURT LIMITED

NOTES ON THE FINANCIAL STATEMENTS 31 DECEMBER 2019

5 TAXATION

(a) Analysis of credit in the year

	2019	2018
	£	£
Current tax:		
UK corporation tax at 19.00% (2018: 19.00%)	-	-
Group relief	(25,833)	(8,899)
Total tax on loss	<u>(25,833)</u>	<u>(8,899)</u>
	=====	=====

(b) Factors affecting tax credit for the year

The tax credit for the current year is equal to (2018 – equal to) the current standard rate of corporation tax in the UK of 19.00% (2018 – 19.00%).

	2019	2018
	%	%
Standard tax rate	19	19
Actual current tax rate	19	19
Difference	<u>-</u>	<u>-</u>
	===	===
Explained by:		
Small profits relief	-	-
	<u>-</u>	<u>-</u>
	===	===

(c) Factors that may affect future tax charges

The UK corporation tax rate for the whole of 2019 was 19%. Accordingly, the company's result for the accounting period is taxed at an effective rate of 19.00% (2018 – 19.00%). The corporation tax rate will reduce to 17% from April 2020. At the balance sheet date, the reduction to 17% from April 2020 has been substantially enacted and hence in accordance with Accounting Standards, the impact of these reductions has been reflected in the company's financial statements at 31 December 2019. The rate changes will also impact the amount of future tax payments to be made by the company.

FREDERICK COURT LIMITED

NOTES ON THE FINANCIAL STATEMENTS 31 DECEMBER 2019

6 DEBTORS

	2019 £	2018 £
Trade debtors	24,376	12,865
Prepayments	59,356	57,296
	<hr/>	<hr/>
	83,732	70,161
	=====	=====

7 CREDITORS

	2019 £	2018 £
Other creditors and accruals	32,056	15,313
Deferred income	15,987	13,977
	<hr/>	<hr/>
	48,043	29,290
	=====	=====

8 CALLED UP SHARE CAPITAL

	2019 £	2018 £
2 Authorised, allotted and fully paid ordinary shares of £1 each	2	2
	<hr/>	<hr/>

9 ULTIMATE HOLDING COMPANY

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

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

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

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

FREDERICK COURT LIMITED

NOTES ON THE FINANCIAL STATEMENTS 31 DECEMBER 2019

10 EVENTS AFTER THE BALANCE SHEET DATE

The Government put the UK into lockdown on 23 March after the declaration by The World Health Organisation that COVID-19 had become a global pandemic. The majority of commercial businesses on the Cadogan Estate closed from that date. The Cadogan offices closed, with the majority of staff working successfully from home. Cadogan continued to maintain an on the ground presence throughout the lockdown to provide security for the Estate and support to residential and commercial occupiers. With the announcement in late May of a gradual relaxation of the lockdown, Cadogan staff and contractors prepared for the gradual re-opening of businesses, putting in place strong health and safety measures including enhanced cleaning, security and social distancing guidelines for businesses, residents and visitors to the area to maintain a safe environment. Further details about the response and priorities for dealing with the crisis are provided in the Strategic Report of the consolidated financial statements of Cadogan Group Limited.

While it is still too early to assess the long-term impact of COVID-19 on the company, there has already been an impact on group income in the short term and potentially on group property values depending on the depth, length and severity of the crisis. An impact assessment on the group business has been undertaken and its results summarised in the Strategic Report of the consolidated financial statements of Cadogan Group Limited and a Going Concern assessment is summarised in the Directors' Report.

The directors do not consider the impact of COVID-19 to be an adjusting post-balance sheet event at 31 December 2019 on the basis that on that date COVID-19 had not been declared a global pandemic, there were no known cases in the UK and no anticipation that it would spread within Europe and the UK at the rate and to the extent that it eventually did. The company has therefore made no adjustments in these financial statements to account for the impact of COVID-19 based on what was known about the virus at 31 December 2019.