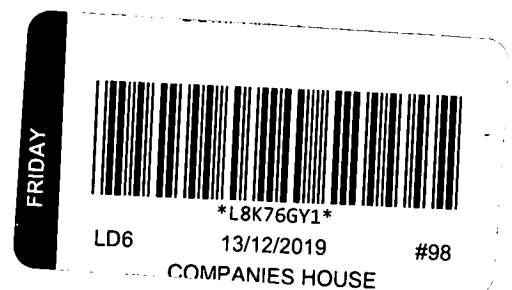


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COMPANY REGISTRATION NUMBER: 05186572

Chancerygate (Business Centre) Limited
Directors' Report and Financial Statements
For the year ended
31 March 2019



Chancerygate (Business Centre) Limited

Financial Statements

Year ended 31 March 2019

Contents	Pages
Officers and professional advisers	1
Strategic report	2 to 4
Directors' report	5 to 6
Independent auditor's report to the members	7 to 9
Statement of income and retained earnings	10
Statement of financial position	11
Notes to the financial statements	12 to 24

Chancerygate (Business Centre) Limited

Officers and Professional Advisers

The board of directors	Mr Andrew Johnson Mr James Deane Mr Richard Bains
Company secretary	Chancerygate Corporate Services Limited
Registered office	12A Upper Berkeley Street London W1H 7QE
Auditor	Grant Thornton UK LLP Chartered Accountant & Statutory Auditor 30 Finsbury Square London EC2A 1AG

Chancerygate (Business Centre) Limited

Strategic Report

Year ended 31 March 2019

Introduction

The business of the Company and its' subsidiaries is that of property development for institutional funds and private clients and investment property throughout the UK.

Review of the Company's performance and financial position

The board was pleased with the performance for the year. Although post tax profits for the year were down to £7.4m (2018 £15.9m), this was mainly due to the timing of completion of developments and sales in the prior year, whilst the current year was dominated by a significant amount of investment in the development pipeline. The business continues to benefit from the strength and growth of the industrial property market as modern business needs and requirements change added to the increasing importance of last mile logistics.

Industrial development

The company's development pipeline has continued to grow. In the year, we completed construction of 7 new developments totalling 531,000 sq. ft and commenced development on a further 6 which will deliver an additional 517,000 sq ft. We acquired 10 new sites and exchanged on 5 more. Subject to obtaining the necessary planning permissions, these sites would allow us to develop over 1.5m sq ft with a forecast gross development value greater than £240m.

We are encouraged by the continued tenant and purchaser demand for our product despite the economic and political uncertainty. Rental levels continue to rise and our three multiunit leasehold schemes that have completed post year end are already 74% let. We are still developing our new multiunit freehold schemes in locations where there have been little or no new freehold units built over the past 10-15 years and are encouraged by freehold sales values achieved and rates of sale.

Funding

We continue to work very closely with and are hugely grateful for the support that is provided by all our banking partners. During the year, we completed the restructuring of our main Lloyds Bank facility to increase the time to expiry to June 2021, reduce the margin, refresh the capacity of the Rolling Capital Facility and add a development facility which has now been used to fund a development in Harlow that has recently completed. After the year end, and following the completion and refinance of new developments we have decided to retain on balance sheet, the Lloyds facility now has over £100m of income producing properties and a LTV of 52.5%.

Our development programme continues to be supported by Ahli United Bank (UK) PLC, their understanding of our business model and support for speculative development remains a hugely important part of our business now and going forward. However, to accommodate the increased number of developments that are being undertaken and diversify our funding partners, we have broadened the number of development lenders in the last year. Two facilities are now being provided by Natwest Bank and we recently signed a new development facility with Investec. We have also obtained development finance from regional development funds. Chrysalis / Liverpool City Region Combined Authority are funding our Aintree development and the Scottish Partnership for Regeneration in Urban Centres is funding our development in Livingston.

The development income earned in the year is derived from the funding we receive from institutional funds. We completed three forward funded deals in the year which has significantly contributed to the bottom-line profit figure.

Chancerygate (Business Centre) Limited

Strategic Report *(continued)*

Year ended 31 March 2019

Principal Risks Factors

Market & Property Valuation Risk

The Group's business is dependent on the macro-economic and property market conditions in the UK. Deterioration in commercial property markets could lead to a decline in the value of the Group's property portfolio, tenant default and a reduction in income from our investment portfolio. Development land, which makes up a significant part of the Group's assets, is subject to greater volatility in valuations than income producing assets. However, the Group has a mixed portfolio and is focused on acquiring good quality assets with strong income and/or immediate development potential in sound locations. Our banking facilities are considerably below their Loan to Value covenant thresholds and able to weather a price fall without being in breach. New development sites being acquired are only if strong occupier demand / pre-sales are already agreed by our development team. Our asset managers are very experienced in mitigating the impact of occupier failures, lease breaks and expiries.

Development Risk

The Group is exposed to risks associated with development projects. For example:

- Delays could occur for regulatory reasons or in obtaining planning consents
- Counterparty risk (contractors may become bankrupt or insolvent)
- Significant increases in contractor tender pricing
- Control of construction phasing and costs are essential to prevent overspend or delay once on site

Our project management and development team manage development risk by:

- Transferring construction risk to contractors where possible
- Early engagement with planning authorities to ensure development proposals are approved within the minimum possible timeframe whilst maximising development value
- Ongoing credit assessment, review of financial statements and close liaison with all contractors to recognise financial problems at the earliest possible occasion
- Ongoing monitoring of development costs against budget and programme against delivery
- Monitoring the level of committed future capital expenditure on the Group's development programme relative to the level of debt

Liquidity Risk

Changes in the availability of financing and/or costs of borrowing may adversely impact the Group's ability to ensure sufficient liquidity is available to deliver its development programme and returns from the property investment portfolio. However, where required, bank funding for each new development is approved prior to acquisition of a development site and detailed cashflow forecasts are prepared by the directors to ensure sufficient funding is in place going forward.

Reputational Risk

The Group seeks to maintain the highest ethical standards of conduct throughout its supply chain. Being mindful of human rights, the Group has issued a Modern Slavery Statement pursuant to section 54(1) of the Modern Slavery Act 2015. Our Modern Slavery Act statement, which is predominantly displayed on our website, gives details of our policy and approach. We have not any instances of a breach in policy in the financial year.

Summary

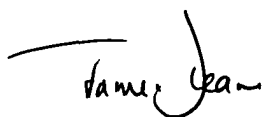
As the Strategic Review and the accounts illustrate, the year to 31 March 2019 has shown we have continued to grow strongly, and the Group is well positioned to continue to increase both its asset base and future profitability. A full strategic review for the group can be found in the annual report of the ultimate parent company, Chancerygate Limited.

Chancerygate (Business Centre) Limited

Strategic Report *(continued)*

Year ended 31 March 2019

This report was approved by the board of directors on 12th December 2019 and signed on behalf of the board by:

A handwritten signature in black ink, appearing to read 'James Deane', with a long horizontal stroke extending to the left.

Mr James Deane
Director

Registered office:
12A Upper Berkeley Street
London
W1H 7QE

Chancerygate (Business Centre) Limited

Directors' Report *(continued)*

Year ended 31 March 2019

The directors present their report and the financial statements of the company for the year ended 31 March 2019.

Directors

The directors who served the company during the year were as follows:

Mr Andrew Johnson
Mr James Deane
Mr Richard Bains

Dividends

The directors do not recommend the payment of a dividend.

Post balance sheet event

After the financial year end, a dividend payment of £18,000,000 was paid to the immediate and ultimate parent of the company, Chancerygate Limited. No commitment to pay the dividend existed at the year end.

Qualifying indemnity provision

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

Disclosure of information in the strategic report

The business review and the principal risks and uncertainties sections are not shown in the Directors' report, because they are shown in the strategic report instead under s414c(11).

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, directors' 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). 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 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 judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Chancerygate (Business Centre) Limited

Directors' Report *(continued)*

Year ended 31 March 2019

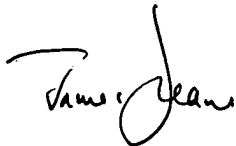
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies 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.

Auditor

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

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all 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.

This report was approved by the board of directors on 12th December 2019 and signed on behalf of the board by:



Mr James Deane
Director

Registered office:
12A Upper Berkeley Street
London
W1H 7QE

Chancerygate (Business Centre) Limited

Independent Auditor's Report to the Members of Chancerygate (Business Centre) Limited

Year ended 31 March 2019

Opinion

We have audited the financial statements of Chancerygate (Business Centre) Limited (the 'company') for the year ended 31 March 2019 which comprise the statement of income and retained earnings, statement of financial position and the related notes, 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 state of the company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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. 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.

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.

Chancerygate (Business Centre) Limited

Independent Auditor's Report to the Members of Chancerygate (Business Centre) Limited (continued)

Year ended 31 March 2019

Other information

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

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 this 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 the directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

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 directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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 the 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.

Chancerygate (Business Centre) Limited

Independent Auditor's Report to the Members of Chancerygate (Business Centre) Limited *(continued)*

Year ended 31 March 2019

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement, 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.

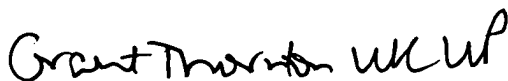
In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company 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: 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.



Richard Hagley BSc FCA (Senior Statutory Auditor)

For and on behalf of
Grant Thornton UK LLP
Chartered Accountant & Statutory Auditor
30 Finsbury Square
London
EC2A 1AG

12 December 2019

Chancerygate (Business Centre) Limited

Statement of Income and Retained Earnings

Year ended 31 March 2019

	Note	2019 £	2018 £
Turnover	4	25,028,816	16,761,077
Cost of sales		(17,233,906)	(10,856,047)
Gross profit		<u>7,794,910</u>	<u>5,905,030</u>
Administrative expenses		(4,644,911)	(1,903,761)
Derivative fair value movement	5	(30,772)	402,694
Exceptional items	7	100,524	(600,000)
Operating profit	5	<u>3,119,227</u>	<u>3,803,963</u>
Income from shares in group undertakings	8	5,875,000	11,200,000
Other interest receivable and similar income	9	41,227	17,225
Interest payable and similar expenses	10	(320,657)	(629,550)
Profit before taxation		<u>8,815,321</u>	<u>14,391,638</u>
Tax on profit	11	(1,407,485)	1,601,137
Profit for the financial year and total comprehensive income		<u><u>7,407,836</u></u>	<u><u>15,992,775</u></u>
Retained losses at the start of the year		(13,447,946)	(29,440,721)
Retained losses at the end of the year		<u><u>(6,040,110)</u></u>	<u><u>(13,447,946)</u></u>

All the activities of the company are from continuing operations.

There were no recognised gains or losses for 2019 or 2018 other than those included in the statement of income and retained earnings.

All profits are attributable to the owners of the parent undertaking.

The notes on pages 12 to 24 form part of these financial statements.

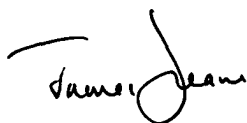
Chancerygate (Business Centre) Limited

Statement of Financial Position

31 March 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	12	45,932	40,314
Investments	13	458,565	358,041
		<u>504,497</u>	<u>398,355</u>
Current assets			
Debtors	14	59,046,029	54,846,151
Cash at bank and in hand		19,857,451	14,411,605
		<u>78,903,480</u>	<u>69,257,756</u>
Creditors: amounts falling due within one year	15	(35,762,096)	(25,268,066)
Net current assets		<u>43,141,384</u>	<u>43,989,690</u>
Total assets less current liabilities		<u>43,645,881</u>	<u>44,388,045</u>
Creditors: amounts falling due after more than one year	16	—	(8,150,000)
Net assets		<u>43,645,881</u>	<u>36,238,045</u>
Capital and reserves			
Called up share capital	18	360	360
Share premium account	20	49,685,631	49,685,631
Profit and loss account	20	(6,040,110)	(13,447,946)
Shareholders funds		<u>43,645,881</u>	<u>36,238,045</u>

These financial statements were approved by the board of directors and authorised for issue on 12th December 2019, and are signed on behalf of the board by:



Mr James Deane
Director

Company registration number: 05186572

The notes on pages 12 to 24 form part of these financial statements.

Chancerygate (Business Centre) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2019

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 12A Upper Berkeley Street, London, W1H 7QE.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements are prepared in Sterling (£), which is the functional currency of the entity.

Interest costs

All financing costs are recognised in the Statement of Income and Retained Earnings in the year in which they are incurred.

Going concern

In considering going concern, management review the financial information of the company for a period of at least 12 months from the date of approval of the financial statements. Having reviewed this information, management believes that the company has sufficient resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Chancerygate (Business Centre) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2019

3. Accounting policies *(continued)*

Financial reporting standard 102 - reduced disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of Chancerygate Limited which can be obtained from Companies House. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) No cash flow statement has been presented for the company.
- (b) Disclosures in respect of financial instruments have not been presented.
- (c) Disclosures in respect of share-based payments have not been presented.
- (d) No disclosure has been given for the aggregate remuneration of key management personnel.

Consolidation

The entity has taken advantage of the exemption from preparing consolidated financial statements contained in Section 400 of the Companies Act 2006 on the basis that it is a subsidiary undertaking and its immediate parent undertaking is established under the law of an EEA State.

Investment in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

The results of subsidiaries acquired or disposed of during the year are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the parent. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Revenue recognition

Turnover represents income from long term contracts and project management fees receivable and arises solely within the United Kingdom.

Profit from the development projects and long-term contracts are measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable. Project management fees are earned and recognised on an accruals basis.

Cash at bank and in hand

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Chancerygate (Business Centre) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2019

3. Accounting policies *(continued)*

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. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgements are judgements that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty include accounting estimates and assumptions that are made concerning the future and, by their nature, will rarely equal the related actual outcome.

The sources of significant judgements and estimation uncertainty that are at risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year includes the following:

Derivative financial instrument - To determine the fair value of the swap at year end we have obtained an independent third-party valuation. The movement in fair value is then recorded in the statement of comprehensive income.

Deferred taxation - Where a deferred tax asset has been recognised, judgement is made on the recoverability of that asset. This is based on sensitising management forecasts to estimate the future taxable profits against which the losses will be relieved. Judgements have been made in respect of profitability going forward based upon current and anticipated sales of property and rental income.

Where a deferred tax asset has not been recognised, judgement has been made by the directors of the company that the asset should not be recognised based on the expectation of the current market. This is then reviewed and approved by the Board of Directors of the parent company on an annual basis.

Derivative financial instruments

The company has fixed rate interest swaps to manage its exposure to interest rate risk on its variable rate debt. These derivatives are measured at fair value at each statement of financial position date using a valuation technique with any gains or losses being reported in the statement of income and retained earnings.

Exceptional items

Exceptional items are disclosed separately in the financial statements in order to provide further understanding of the financial performance of the entity. They are material items of income or expense that have been shown separately because of their nature or amount.

Chancerygate (Business Centre) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2019

3. Accounting policies *(continued)*

Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is recognised when income or expenses from a subsidiary or associate have been recognised, and will be assessed for tax in a future period, except where:

- the company is able to control the reversal of the timing difference; and
- it is probable that the timing difference will not reverse in the foreseeable future.

A deferred tax liability or asset is recognised for the additional tax that will be paid or avoided in respect of assets and liabilities that are recognised in a business combination. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference. With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- the company has a legally enforceable right to set off current tax assets against current tax liabilities, and
- 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.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Chancerygate (Business Centre) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2019

3. Accounting policies *(continued)*

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Fixtures and fittings	- 25% straight line
Equipment	- 25% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Chancerygate (Business Centre) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2019

4. Turnover

Turnover arises from:

	2019 £	2018 £
Project management income	7,474,654	2,378,115
Development income	17,486,628	14,381,032
Miscellaneous income	67,534	1,930
	<u>25,028,816</u>	<u>16,761,077</u>

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

5. Operating profit

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

	2019 £	2018 £
Depreciation of tangible assets	22,438	12,886
Derivative fair value movement	<u>30,772</u>	<u>(402,694)</u>

6. Auditor's remuneration

	2019 £	2018 £
Fees payable for the audit of the financial statements	<u>4,380</u>	<u>4,250</u>

7. Exceptional items

	2019 £	2018 £
Exceptional amounts written off current assets	–	600,000
Reversal of investment impairment	<u>(100,524)</u>	<u>–</u>
	<u>(100,524)</u>	<u>600,000</u>

The exceptional item in the prior year relates to a loan write off. The exceptional item in the current year relates to a reversal of an investment impairment as the respective subsidiaries are in a net asset position on the balance sheet date.

8. Income from shares in group undertakings

	2019 £	2018 £
Income from group undertakings	<u>5,875,000</u>	<u>11,200,000</u>

Chancerygate (Business Centre) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2019

9. Other interest receivable and similar income

	2019 £	2018 £
Interest on loans and receivables	23,421	–
Interest on cash and cash equivalents	17,806	17,225
	<u>41,227</u>	<u>17,225</u>

10. Interest payable and similar expenses

	2019 £	2018 £
Interest on banks loans and overdrafts	<u>320,657</u>	<u>629,550</u>

11. Tax on profit

Major components of tax expense/(income)

	2019 £	2018 £
Current tax:		
UK current tax expense/(income)	1,430,639	(1,835,670)
Deferred tax:		
Origination and reversal of timing differences	(23,154)	234,533
Tax on profit	<u>1,407,485</u>	<u>(1,601,137)</u>

Reconciliation of tax expense/(income)

The tax assessed on the profit on ordinary activities for the year is lower than (2018: lower than) the standard rate of corporation tax in the UK of 19% (2018: 19%).

	2019 £	2018 £
Profit on ordinary activities before taxation	8,751,990	14,391,638
Profit on ordinary activities by rate of tax	1,662,878	2,734,411
Adjustment to tax charge in respect of prior periods	342,454	–
Bought forward tax losses used	–	(342,281)
Effect of expenses not deductible for tax purposes	(566,067)	(1,949,962)
Release of deferred tax asset	7,261	234,533
Accelerated capital allowances deferred tax asset	(30,415)	–
Capital allowances claimed	(8,592)	–
Group relief obtained	–	(2,277,838)
Tax on profit	<u>1,407,485</u>	<u>(1,601,137)</u>

There are tax losses carried forward of approximately £nil (2018: £nil) available for offset against future profits.

At the yearend date legislation has been enacted which reduced the main rate of deferred tax to 19% from 1 April 2017 and 17% from 1 April 2020. Based on the policies announced by the main political parties at the date of signing we have applied 19% in the calculation of the company's deferred tax assets and liabilities.

Chancerygate (Business Centre) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2019

12. Tangible assets

	Fixtures and fittings £	Equipment £	Total £
Cost			
At 1 April 2018	5,362	291,757	297,119
Additions	–	28,056	28,056
At 31 March 2019	<u>5,362</u>	<u>319,813</u>	<u>325,175</u>
Depreciation			
At 1 April 2018	5,362	251,443	256,805
Charge for the year	–	22,438	22,438
At 31 March 2019	<u>5,362</u>	<u>273,881</u>	<u>279,243</u>
Carrying amount			
At 31 March 2019	<u>–</u>	<u>45,932</u>	<u>45,932</u>
At 31 March 2018	<u>–</u>	<u>40,314</u>	<u>40,314</u>

13. Investments

	Other investments other than loans £
Cost	
At 1 April 2018 and 31 March 2019	<u>358,041</u>
Impairment	
At 1 April 2018	–
Reversal of impairment losses	(100,524)
At 31 March 2019	<u>(100,524)</u>
Carrying amount	
At 31 March 2019	<u>458,565</u>
At 31 March 2018	<u>358,041</u>

Chancerygate (Business Centre) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2019

13. Investments *(continued)*

Details of direct subsidiary undertakings are given in the tables below

	Profit/(Loss)	Type of share holding	% of holding	Aggregate share capital & reserves
Chancerygate (Aberdeen) Limited	£45,505	Ordinary	100%	£47,172
Chancerygate (Aintree) Limited	(£1,900,433)	Ordinary	100%	(£1,367,889)
Chancerygate (Aston) Limited	(£32,614)	Ordinary	100%	£92,719
Chancerygate (Brentwood) Limited	£42,888	Ordinary	100%	£2,252,915
Chancerygate (Erdington) Limited	£295,532	Ordinary	100%	(£793,582)
Chancerygate (Falcon) Limited	£2,491,391	Ordinary	100%	£3,555,239
Chancerygate (Frimley) Limited	(£37,089)	Ordinary	100%	£100,133
Chancerygate (Gatton Road) Limited	(£134)	Ordinary	100%	£15,023
Chancerygate (Gatton Road 2) Limited	(£539)	Ordinary	100%	£2,042
Chancerygate (Hemel) Limited	£102,769	Ordinary	100%	£892,480
Chancerygate (Leinster Mews) Limited	£621,954	Ordinary	100%	(£534,010)
Chancerygate (Livingston) Limited	£1,356,509	Ordinary	100%	£1,356,162
Chancerygate (Miller Street) Limited	£1,189	Ordinary	100%	£42,320
Chancerygate (Milton Keynes) Limited	£2,208,831	Ordinary	100%	£4,768,070
Chancerygate (Newbridge) Limited	£81,410	Ordinary	100%	£1,406,999
Chancerygate (Orpington) Limited	£116,110	Ordinary	100%	£676,876
Chancerygate (Pump Lane) Limited	£16,505	Ordinary	100%	£4,016,628
Chancerygate (Red Lion No 2) Limited	(£125,701)	Ordinary	100%	(£315,347)
Chancerygate (Romford) Limited	(£209,984)	Ordinary	100%	(£1,198,513)
Chancerygate (Rowan Road) Limited	£4,235	Ordinary	100%	£16,838
Chancerygate (Uxbridge) Limited	£848,029	Ordinary	100%	£1,695,140
Chancerygate (Warrington) Limited	£9,284	Ordinary	100%	£27,388
Chancerygate (Western Avenue) Limited	£1,056,259	Ordinary	100%	£13,136,391
Chancerygate (Witham) Limited	£115,930	Ordinary	100%	£730,027
Chancerygate (Yate) Limited	£1,147,764	Ordinary	100%	£7,304,859
Chancerygate Corporate Services Limited	£0	Ordinary	100%	£1
Chancerygate Novus Holdings Limited	£0	Ordinary	100%	£1
Chancerygate Mersey Reach Limited	£0	Ordinary	100%	£1

Chancerygate (Business Centre) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2019

14. Debtors

	2019 £	2018 £
Trade debtors	78,034	147,130
Amounts owed by group undertakings	56,330,338	50,122,027
Amounts owed by related parties	1,382,167	695,000
Deferred tax asset	30,415	7,261
Prepayments and accrued income	1,086,181	3,874,733
Other debtors	138,894	–
	<u>59,046,029</u>	<u>54,846,151</u>

Amounts owed by group is repayable on demand and interest free. Further detail on the amounts owed by related parties can be found in note 21 below.

15. Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	1,055,862	1,275,422
Amounts owed to group undertakings	31,344,083	21,551,390
Amounts owed to related parties	–	13,292
Accruals and deferred income	671,534	1,459,638
Corporation tax	–	72,440
Social security and other taxes	2,123,617	535,832
Derivative financial liability	167,110	136,339
Other creditors	399,890	223,713
	<u>35,762,096</u>	<u>25,268,066</u>

Amounts due to group is repayable on demand and interest free. Further detail on the amounts owed to related parties can be found in note 21 below.

16. Creditors: amounts falling due after more than one year

	2019 £	2018 £
Bank loans	–	8,150,000

In September 2015, the company entered into a new facility agreement with Lloyds Bank PLC, which extended until 2020, most of the group's bank facilities that were to expire in 2016. In December 2016, an amendment and restatement of the Lloyds facility was entered into, to provide a £30m revolving credit facility.

In June 2018 a further amendment and restatement to the Lloyds facility was entered into, to provide a development tranche in addition to the term loan and revolving credit facility. Interest is payable on the term loan and revolving credit facility at LIBOR +2.00% whilst the interest payable on the development tranche is LIBOR +4.00%. A total loan balance for all three tranches amounts to £33,265,018 at the balance sheet date and is recorded at loan to value in the respective subsidiaries where the properties are held.

The loan facility is fully repayable upon expiry in June 2021.

Chancerygate (Business Centre) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2019

17. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2019	2018
	£	£
Included in debtors (note 14)	30,415	7,261

The deferred tax account consists of the tax effect of timing differences in respect of:

	2019	2018
	£	£
Accelerated capital allowances	(30,415)	–
Unused tax losses	–	(7,261)

18. Called up share capital

Issued, called up and fully paid

	2019		2018	
	No.	£	No.	£
Ordinary "A" shares of £0.01 each	18,433	184.33	18,433	184.33
Ordinary "B" shares of £0.01 each	12,907	129.07	12,907	129.07
Ordinary "C" shares of £0.01 each	4,610	46.10	4,610	46.10
	<u>35,950</u>	<u>359.50</u>	<u>35,950</u>	<u>359.50</u>

On a return of assets, liquidation, sale, winding up or otherwise, the first £150m is to be paid to A and B ordinary shareholders pro rata and pari passu as if they were all the same shares.

After distribution of the first £150m, any balance is to be distributed amongst the holders of A, B&C ordinary shareholders pro rata according to the number of shares held.

All dividends distributed to the A&B shareholders up to £150m according to the number of shares held and after this A, B&C shareholders pro rata according to number of shares held.

A and B shares have full voting rights, C shares do not have any voting rights.

Chancerygate (Business Centre) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2019

19. Subsidiary undertakings

Details of direct subsidiary undertakings are given in the table below:

	Country of incorporation	Principal Activity
Chancerygate (Aberdeen) Limited	England	Property development
Chancerygate (Aintree) Limited	England	Property development
Chancerygate (Aston) Limited	England	Property development
Chancerygate (Bedford) Limited	England	Property development
Chancerygate (Brentwood) Limited	England	Property development
Chancerygate (Erdington) Limited	England	Property development
Chancerygate (Falcon) Limited	England	Property development
Chancerygate (Frimley) Limited	England	Property development
Chancerygate (Gatton Road) Limited	England	Property development
Chancerygate (Gatton Road 2) Limited	England	Property development
Chancerygate (Hemel) Limited	England	Property development
Chancerygate (Leinster Mews) Limited	England	Property development
Chancerygate (Livingston) Limited	England	Property development
Chancerygate (Miller Street) Limited	England	Property development
Chancerygate (Milton Keynes) Limited	England	Property development
Chancerygate (Newbridge) Limited	England	Property development
Chancerygate (Orpington) Limited	England	Property development
Chancerygate (Pump Lane) Limited	England	Property development
Chancerygate (Red Lion No 2) Limited	England	Property development
Chancerygate (Romford) Limited	England	Property development
Chancerygate (Rowan Road) Limited	England	Property development
Chancerygate (Uxbridge) Limited	England	Property development
Chancerygate (Warrington) Limited	England	Property development
Chancerygate (Western Avenue) Limited	England	Property development
Chancerygate (Witham) Limited	England	Property development
Chancerygate (Yate) Limited	England	Property development
Chancerygate (Bredbury) Limited	England	Property development
Chancerygate (BC Investments) Limited	England	Property development
Corporate Services Limited	England	Company Secretary
Chancerygate Novus Holdings Limited	England	Holding company
Chancerygate Mersey Reach Limited	England	Holding company

20. Reserves

Share premium account - This reserve includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Profit and loss account - This reserve records retained earnings and accumulated losses.

Chancerygate (Business Centre) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2019

21. Related party transactions

Amounts due from related undertakings are set out in the table below.

	2019	2019	2018	2018
	Transaction value	Year end balance	Transaction value	Year end balance
	£	£	£	£
O&T Properties Limited	(410,657)	687,167	(1,111,250)	(13,292)
Premier Travel Executive Services Limited	(85,750)	695,000	–	695,000
Time Honoured Cars Limited	392	–	–	–
George Henderson (Developments) Limited	829	–	(7,625)	–
CGP Group Limited	(4,890)	–	(4,890)	–
Springtime LLP	–	–	221	–
Beeston Business Park LLP	–	–	116,807	–

O & T Properties Limited, Premier Travel Executive Services Limited, Time Honoured Cars Limited and CGP Group Limited are regarded as a related party by virtue of the fact that A W Johnson is a director and ultimate shareholder of both Chancerygate (Business Centre) Limited and the respective companies.

George Henderson (Developments) Limited is regarded as a related party by virtue of the fact that the company is owned by A W Johnsons' father. A W Johnson is a director of Chancerygate (Business Centre) Limited.

Springtime LLP is regarded as a related party by virtue of the fact that Chancerygate Limited was as investor in the Limited Liability Partnership. Chancerygate Limited is the parent company for Chancerygate (Business Centre) Limited.

Beeston Business Park LLP is regarded as a related party by virtue of the fact that Chancerygate Limited is a director of the Limited Liability Partnership. Chancerygate Limited is the parent company for Chancerygate (Business Centre) Limited.

The company has taken advantage of the exemption in FRS 102 'The Reporting Standard applicable in the UK and Ireland' Section 33 and has not disclosed any transactions with other members of the group headed by Chancerygate Limited.

22. Post balance sheet event

After the financial year end, a dividend payment of £18,000,000 was paid to the immediate and ultimate parent of the company, Chancerygate Limited. No commitment to pay the dividend existed at the year end.

23. Controlling party

The immediate and ultimate parent of the company is Chancerygate Limited, a company incorporated in the United Kingdom, and A W Johnson is the ultimate controlling party. Chancerygate Limited is registered at 12a Upper Berkeley Street, London, England, W1H 7QE.