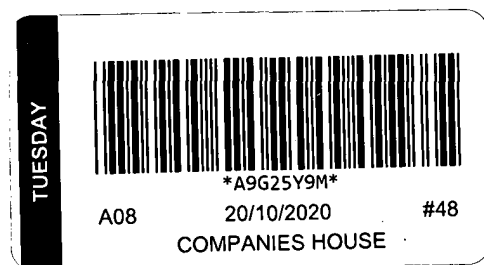


Chancerygate (Business Centre) Limited
Directors' Report and Financial Statements
For the year ended
31 March 2020



Chancerygate (Business Centre) Limited

Financial Statements

Year ended 31 March 2020

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 comprehensive income	10
Statement of financial position	11
Statement of changes in equity	12
Notes to the financial statements	13 to 25

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

BDO LLP
Chartered Accountant & Statutory Auditor
55 Baker Street
London
W1U 7EU

Chancerygate (Business Centre) Limited

Strategic Report

Year ended 31 March 2020

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 group's performance and financial position

The board was pleased with the performance for the year. Although the Company's results show a post tax loss of £1.8m, before dividends received of £30.1m, down from £1.5m before dividends of £5.9m in 2019, this doesn't reflect the success of its subsidiaries and on a consolidated basis the group made a pre-tax profit of £10.9m. The business of the Company and its subsidiaries continue to benefit from the increasing importance of industrial property and last mile logistics.

Industrial development

The company's development pipeline has continued to grow. In the year, its subsidiaries completed construction of 4 new developments totalling 240,000 sq. ft and commenced development on a further 6 which will deliver an additional 638,000 sq ft. As we had strong pre-let interest, two of these newly completed schemes were retained for investment purposes and the other two schemes have now sold or exchanged all of their freehold units. The company has been more cautious on new acquisitions with increased land prices and greater competition but did acquire 2 further sites in the year. It will also advance the plans to develop Phase 2 of existing schemes at Aintree and Knutsford.

Despite COVID 19, we are encouraged by the continued tenant and purchaser demand for our product despite the economic and political uncertainty. Rental levels have risen in the year and at the year end had achieved occupancy levels of 88% across the investment property portfolio. 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 of sale.

Covid

The full impact of the lockdown is yet to be determined but we have been fortunate that the multilet and light industrial market has been more resilient than many other property sectors. The diversity of the occupiers and the nature of the buildings generally make social distancing easier. A number of occupiers have performed well, benefiting from internet driven sales models and offering last mile logistics solutions. Since lockdown commenced, rent collection each quarter has been well in excess of 90% and we have made positive steps to work with tenants as possible. We have taken advantage where the opportunity allowed us to remove breaks or regear leases in return to offering rent free periods. Despite COVID 19, we have continued to enter into new lettings and sales of freehold units. Value of investment properties have also held up and post year end we sold 2 estates at pre-C19 levels to release cash and bolster our balance sheet in light of the economic uncertainty.

All our ongoing construction programmes were delayed to an extent by the lockdown. Whilst some halted, others continued but at a slower pace. However we were back on site on all by May and have now reached practical completion on (2). We continue to make sales and agree lettings on our new schemes and whilst occupier activity is slightly lower than pre-C19 levels, the market still remains robust.

Chancerygate (Business Centre) Limited

Strategic Report *(continued)*

Year ended 31 March 2020

Funding

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 and now have facilities from Natwest Bank and Investec. We continue to obtain 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 Company's development income earned in the year is derived from the funding we receive from institutional funds. We entered a forward funding arrangement with Runnymede Council for a development in Chertsey and this is due to complete later in the year and is expected to generate strong returns.

Principal risk 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

Chancerygate (Business Centre) Limited

Strategic Report *(continued)*

Year ended 31 March 2020

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.

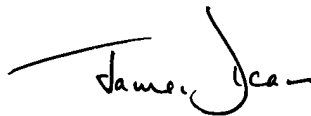
Reputational Risk

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 2020 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.

This report was approved by the board of directors on 24 September 2020 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

Directors' Report

Year ended 31 March 2020

The directors present their report and the financial statements of the company for the year ended 31 March 2020.

Directors

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

Mr Andrew Johnson
Mr James Deane
Mr Richard Bains

Dividends

Particulars of recommended dividends are detailed in note 12 to the financial statements.

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.

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.

Chancerygate (Business Centre) Limited

Directors' Report *(continued)*

Year ended 31 March 2020

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.

BDO LLP have been appointed as auditor for the ensuing year in accordance with section 485 of the Companies Act 2006 following the resignation of Grant Thornton UK LLP.

This report was approved by the board of directors on 24 September 2020 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 2020

Opinion

We have audited the financial statements of Chancerygate (Business Centre) Limited (the 'company') for the year ended 31 March 2020 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity 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 2020 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 2020

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 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 directors' report.

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 2020

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.

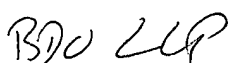
Auditor's responsibilities for the audit of the financial statements

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.



Thomas Edward Goodworth (Senior Statutory Auditor)

For and on behalf of
BDO LLP
Chartered Accountant & Statutory Auditor
55 Baker Street
London
W1U 7EU

24 September 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Chancerygate (Business Centre) Limited

Statement of Comprehensive Income

Year ended 31 March 2020

	Note	2020 £	2019 £
Turnover	4	2,612,632	25,028,816
Cost of sales		(1,362,211)	(17,233,906)
Gross profit		1,250,421	7,794,910
Administrative expenses		(2,559,872)	(4,644,911)
Derivative fair value movement		(344,247)	(30,772)
Operating (loss)/profit	5	(1,653,698)	3,119,227
Income from shares in group undertakings	8	30,100,000	5,875,000
Other interest receivable and similar income	9	48,118	41,227
Amounts written back to investments		–	100,524
Interest payable and similar expenses	10	(104,248)	(320,657)
Profit before taxation		28,390,172	8,815,321
Tax on profit	11	83,843	(1,407,485)
Profit for the financial year and total comprehensive income		28,474,015	7,407,836

All the activities of the company are from continuing operations.

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

The notes on pages 13 to 25 form part of these financial statements.

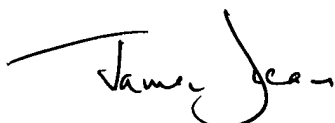
Chancerygate (Business Centre) Limited

Statement of Financial Position

31 March 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	13	25,753	45,932
Investments	14	458,559	458,565
		<u>484,312</u>	<u>504,497</u>
Current assets			
Debtors	15	68,481,726	59,046,029
Cash at bank and in hand		10,791,278	19,857,451
		<u>79,273,004</u>	<u>78,903,480</u>
Creditors: amounts falling due within one year	16	(25,637,420)	(35,762,096)
Net current assets		<u>53,635,584</u>	<u>43,141,384</u>
Total assets less current liabilities		<u>54,119,896</u>	<u>43,645,881</u>
Net assets		<u>54,119,896</u>	<u>43,645,881</u>
Capital and reserves			
Called up share capital	18	360	360
Share premium account	20	—	49,685,631
Profit and loss account	20	54,119,536	(6,040,110)
Shareholders funds		<u>54,119,896</u>	<u>43,645,881</u>

These financial statements were approved by the board of directors and authorised for issue on 24 September 2020, and are signed on behalf of the board by:



Mr James Deane
Director

Company registration number: 05186572

The notes on pages 13 to 25 form part of these financial statements.

Chancerygate (Business Centre) Limited

Statement of Changes in Equity

Year ended 31 March 2020

	Called up share capital £	Share premium account £	Profit and loss account £	Total £
At 1 April 2018	360	49,685,631	(13,447,946)	36,238,045
Profit for the year	-	-	7,407,836	7,407,836
Total comprehensive income for the year	-	-	7,407,836	7,407,836
At 31 March 2019	360	49,685,631	(6,040,110)	43,645,881
Profit for the year	-	-	28,474,015	28,474,015
Total comprehensive income for the year	-	-	28,474,015	28,474,015
Dividends paid and payable	-	-	(18,000,000)	(18,000,000)
Capital reduction	-	(49,685,631)	49,685,631	-
Total investments by and distributions to owners	-	(49,685,631)	31,685,631	(18,000,000)
At 31 March 2020	360	-	54,119,536	54,119,896

The notes on pages 13 to 25 form part of these financial statements.

Chancerygate (Business Centre) Limited

Notes to the Financial Statements

Year ended 31 March 2020

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, and with particular reference to the potential impact of the prevailing situation with COVID-19 in 2020, 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 2020

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.

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.

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.

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.

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 payable 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 2020

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.

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 2020

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 2020

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 2020

4. Turnover

Turnover arises from:

	2020	2019
	£	£
Project management income	443,868	7,474,654
Development income	1,715,350	17,486,628
Miscellaneous income	53,414	67,534
Profit share	400,000	–
	<u>2,612,632</u>	<u>25,028,816</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:

	2020	2019
	£	£
Depreciation of tangible assets	21,315	22,438
Derivative fair value movement	<u>344,247</u>	<u>30,772</u>

6. Auditor's remuneration

	2020	2019
	£	£
Fees payable for the audit of the financial statements	<u>5,200</u>	<u>4,380</u>

7. Exceptional items

	2020	2019
	£	£
Reversal of investment impairment	<u>–</u>	<u>(100,524)</u>

The exceptional item in the prior 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

	2020	2019
	£	£
Income from group undertakings	<u>30,100,000</u>	<u>5,875,000</u>

Chancerygate (Business Centre) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2020

9. Other interest receivable and similar income

	2020 £	2019 £
Interest on loans and receivables	20,928	23,421
Interest on cash and cash equivalents	27,190	17,806
	<u>48,118</u>	<u>41,227</u>

10. Interest payable and similar expenses

	2020 £	2019 £
Interest on banks loans and overdrafts	96,102	320,657
Other interest payable and similar charges	8,146	—
	<u>104,248</u>	<u>320,657</u>

11. Tax on profit

Major components of tax (income)/expense

	2020 £	2019 £
Current tax:		
UK current tax (income)/expense	(83,843)	1,430,639
Deferred tax:		
Origination and reversal of timing differences	—	(23,154)
Tax on profit	<u>(83,843)</u>	<u>1,407,485</u>

Reconciliation of tax (income)/expense

The tax assessed on the profit on ordinary activities for the year is lower than (2019: lower than) the standard rate of corporation tax in the UK of 19% (2019: 19%).

	2020 £	2019 £
Profit on ordinary activities before taxation	28,390,172	8,815,321
Profit on ordinary activities by rate of tax	5,394,133	1,662,878
Adjustment to tax charge in respect of prior periods	(2,416)	342,420
Effect of expenses not deductible for tax purposes	(5,473,351)	(566,067)
Effect of capital allowances and depreciation	(2,209)	(8,592)
Release of deferred tax asset	—	7,261
Accelerated capital allowances deferred tax asset	—	(30,415)
Tax on profit	<u>(83,843)</u>	<u>1,407,485</u>

At the year end legislation has been enacted which reduced the main rate of deferred tax to 19% from 1 April 2017 and following the 2019 budget and subsequent amendment introduced in the Finance Bill 2020, this rate will remain in place until the year ended 31 March 2022. Based on this 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 2020

12. Dividends

	2020 £	2019 £
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	18,000,000	–

13. Tangible assets

	Fixtures and fittings £	Equipment £	Total £
Cost			
At 1 April 2019	5,362	319,813	325,175
Additions	–	1,136	1,136
At 31 March 2020	<u>5,362</u>	<u>320,949</u>	<u>326,311</u>
Depreciation			
At 1 April 2019	5,362	273,881	279,243
Charge for the year	–	21,315	21,315
At 31 March 2020	<u>5,362</u>	<u>295,196</u>	<u>300,558</u>
Carrying amount			
At 31 March 2020	<u>–</u>	<u>25,753</u>	<u>25,753</u>
At 31 March 2019	–	45,932	45,932

Tangible fixed assets with a carrying value of £nil (2019: £nil) are pledged as security for the group's bank loans.

14. Investments

	Other investments other than loans £
Cost	
At 1 April 2019	458,565
Disposals	(6)
At 31 March 2020	<u>458,559</u>
Impairment	
At 1 April 2019 and 31 March 2020	<u>–</u>
Carrying amount	
At 31 March 2020	<u>458,559</u>
At 31 March 2019	458,565

Chancerygate (Business Centre) Limited

Notes to the Financial Statements (continued)

Year ended 31 March 2020

14. Investments (continued)

The Company dissolved a number of dormant companies during the year, and the disclosure above relates to the investment held in those companies.

Details of subsidiary undertakings are given in the tables below.

	Profit/(Loss)	Type of share holding	% of share holding	Aggregate share capital & reserves
Chancerygate (Aberdeen) Limited	£50,222	Ordinary	100%	£97,394
Chancerygate (Aintree) Limited	(£119,199)	Ordinary	100%	(£1,487,088)
Chancerygate (Brentwood) Limited	£42,760	Ordinary	100%	£495,676
Chancerygate (Erdington) Limited	£108,559	Ordinary	100%	(£685,023)
Chancerygate (Falcon) Limited	£330,359	Ordinary	100%	£2,085,598
Chancerygate (Frimley) Limited	(£136,084)	Ordinary	100%	(£35,950)
Chancerygate (Hemel) Limited	£150,422	Ordinary	100%	£173,123
Chancerygate (Leinster Mews) Limited	£3,113,290	Ordinary	100%	£2,579,280
Chancerygate (Livingston) Limited	£2,021,919	Ordinary	100%	£3,378,081
Chancerygate (Mersey Reach) Limited	£nil	Ordinary	100%	£1
Chancerygate (Miller Street) Limited	£1,746,880	Ordinary	100%	£1,789,201
Chancerygate (Milton Keynes) Limited	£1,241,907	Ordinary	100%	£3,982,977
Chancerygate (Newbridge) Limited	(£131,582)	Ordinary	100%	(£24,584)
Chancerygate Novus Holdings Limited	(£1,450)	Ordinary	100%	(£1,449)
Chancerygate (Orpington) Limited	£844,123	Ordinary	100%	£1,021,000
Chancerygate (Pump Lane) Limited	£117,774	Ordinary	100%	£384,402
Chancerygate (Red Lion No 2) Limited	£257,726	Ordinary	100%	(£57,621)
Chancerygate (Romford) Limited	(£1,555,153)	Ordinary	100%	(£2,753,666)
Chancerygate (Uxbridge) Limited	£239,049	Ordinary	100%	£734,189
Chancerygate (Western Avenue) Limited	£1,745,813	Ordinary	100%	£3,882,204
Chancerygate (Witham) Limited	£10,176	Ordinary	100%	£740,203
Chancerygate (Yate) Limited	£177,207	Ordinary	100%	£1,372,434
Chancerygate Corporate Services Limited	£nil	Ordinary	100%	£1

Chancerygate (Business Centre) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2020

15. Debtors

	2020	2019
	£	£
Trade debtors	17,810	78,034
Amounts owed by group undertakings	65,059,313	56,330,338
Amounts owed by related parties	1,384,837	1,382,167
Deferred tax asset	30,415	30,415
Prepayments and accrued income	1,024,765	1,086,181
Other debtors	964,586	138,894
	<u>68,481,726</u>	<u>59,046,029</u>

Amounts due 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.

16. Creditors: amounts falling due within one year

	2020	2019
	£	£
Trade creditors	107,661	1,055,862
Amounts owed to group undertakings	24,676,623	31,344,083
Amounts owed to related parties	40,425	–
Accruals and deferred income	13,440	671,534
Social security and other taxes	–	2,123,617
Derivative financial liability	511,358	167,110
Other creditors	287,913	399,890
	<u>25,637,420</u>	<u>35,762,096</u>

Amounts due to group is repayable on demand and interest free.

17. Deferred tax

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

	2020	2019
	£	£
Included in debtors (note 15)	<u>30,415</u>	<u>30,415</u>

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

	2020	2019
	£	£
Accelerated capital allowances	<u>(30,415)</u>	<u>(30,415)</u>

Chancerygate (Business Centre) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2020

18. Called up share capital

Issued, called up and fully paid

	2020		2019	
	No.	£	No.	£
Ordinary "A" shares shares of £0.01 each	18,433	184	18,433	184
Ordinary "B" shares shares of £0.01 each	12,907	129	12,907	129
Ordinary "C" shares shares of £0.01 each	4,610	46	4,610	46
	<u>35,950</u>	<u>360</u>	<u>35,950</u>	<u>360</u>

On an 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 the same shares.

After distribution of the first £150m, and 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 the 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 2020

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 (Brentwood) Limited	England	Property development
Chancerygate (Erdington) Limited	England	Property development
Chancerygate (Falcon) Limited	England	Property development
Chancerygate (Frimley) Limited	England	Property development
Chancerygate (Hemel) Limited	England	Property development
Chancerygate (Leinster Mews) Limited	England	Property development
Chancerygate (Livingston) Limited	England	Property development
Chancerygate (Mersey Reach) Limited	England	Holding company
Chancerygate (Miller Street) Limited	England	Property development
Chancerygate (Milton Keynes) Limited	England	Property development
Chancerygate (Newbridge) Limited	England	Property development
Chancerygate Novus Holdings Limited	England	Holding company
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 (Romford) Limited	England	Property development
Chancerygate (Uxbridge) Limited	England	Property development
Chancerygate (Western Avenue) Limited	England	Property development
Chancerygate (Witham) Limited	England	Property development
Chancerygate (Yate) Limited	England	Property development
Chancerygate (BC Investments) Limited	England	Property development
Corporate Services Limited	England	Company Secretary

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.

On 30 May 2019 the share premium of £49,685,631 of the company was cancelled, with the amount of £49,685,631 being credited to the profit & loss account.

Chancerygate (Business Centre) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2020

21. Related party transactions

During the year the company entered into the following transactions with related parties:

	Transaction value		Balance owed by/(owed to)	
	2020	2019	2020	2019
	£	£	£	£
CGP Group Limited	(4,890)	(4,890)	–	–
O&T Properties Limited	(1,880,870)	(410,657)	647,373	687,167
Premier Travel Executive Services Limited	(2,750)	(85,750)	695,000	695,000
Time Honoured Cars Limited	–	392	–	–
George Henderson (Developments) Limited	–	829	994	–
Beeston Business Park LLP	251	–	–	–
Bracknell PropCo 1 Limited	63,000	–	–	–
CH Cheltenham Limited	137	–	141	–
CH Birmingham Limited	392	–	400	–
MLI No 1 PropCo Limited	1,008	–	504	–

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.

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.

Bracknell PropCo 1 Limited, CH Cheltenham Limited and CH Birmingham Limited are related parties virtue of the fact that Chancerygate Limited owns 50% of these entities parent company, CH JV Limited. 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. Controlling party

The immediate 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.