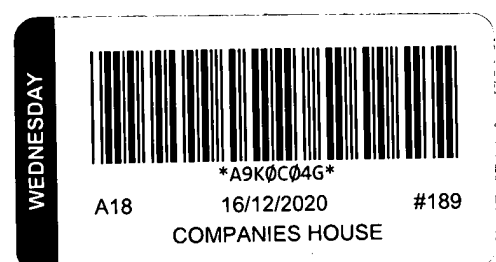


Registration number: 05936169

Property Newco Two Limited

Annual report and financial statements

for the year ended 31 December 2019



Property Newco Two Limited

Contents

Company information	1
Directors' report	2
Statement of Directors' responsibilities	4
Independent auditor's report	5
Profit and loss account and other comprehensive income	7
Balance sheet	8
Statement of changes in equity	9
Notes to the financial statements	10

Property Newco Two Limited

Company information

Directors	A.R. Williams TP Directors Limited
Company secretary	TPG Management Services Limited
Registered office	Lodge Way House Lodge Way Harlestone Road Northampton NN5 7UG
Auditors	KPMG LLP Statutory Auditor 15 Canada Square Canary Wharf London E14 5GL

Property Newco Two Limited

Directors' report for the year ended 31 December 2019

The Directors present their Annual report and the audited financial statements for the year ended 31 December 2019.

The Directors' report has been prepared in accordance with the special provisions relating to small companies under section 415A of the Companies Act 2006.

The Company has taken advantage of the exemption under section 414B of the Companies Act 2006 to not prepare a strategic report.

Principal activity and future developments

The Company's previous principal activity was to hold an investment in Merchant Properties Unit Trust. This activity had ceased during 2018.

The Company made a pre-tax profit of £nil for the year ended 31 December 2019 (2018: £285,000), and has net assets of £2,029,000 (2018: £2,029,000).

Directors of the Company

The directors who held office during the year were as follows:

A.R. Williams

TP Directors Limited

Directors liabilities

The Company made qualifying third party indemnity provisions for the benefits of its Directors during the year, which remain in force at the date of this report. This is a qualifying provision for the purposes of the Companies Act 2006.

Going concern

As part of the simplification strategy of the Travis Perkins Group the company is expected to be liquidated during 2021. As the Directors intend to liquidate the Company within 12 months they have not prepared the financial statements on a going concern basis. The impact of this is discussed in Note 2.

Dividends

The Directors do not recommend the payment of a dividend (2018: £nil).

Political donations

During the year the Company made no political donations nor incurred any political expenditure (2018: £nil).

Modern slavery

The Company will not accept slavery or human trafficking and works with suppliers and colleagues to ensure positive steps are taken to ensure that slavery has no place in the business or supply chain. If issues are identified, investigations and remedial actions will be taken. No instances of slavery or human trafficking have been identified.

The Company's approach to this issue is set out in greater detail in the Travis Perkins plc Annual Report, which does not form part of this report.

Property Newco Two Limited

Directors' report for the year ended 31 December 2019 (continued)

Disclosure of information to the auditors

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

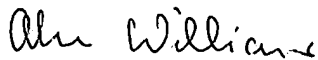
- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Reappointment of auditors

The auditors, KPMG LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment was proposed at the Annual General Meeting.

Approved by the Board on 14/12/2020 and signed on its behalf by:



.....
A.R. Williams
Director

Property Newco Two Limited

Statement of Directors' responsibilities

The Directors are responsible for preparing the 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 UK accounting standards and applicable law (UK Generally Accepted Accounting Practice) including FRS 102 *The Financial Reporting standard applicable in the UK and Republic of Ireland*.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so (as explained in note 2, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis).

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Property Newco Two Limited

Independent Auditor's Report to the Members of Property Newco Two Limited

Opinion

We have audited the financial statements of Property Newco Two Limited (the 'Company') for the year ended 31 December 2019, which comprise the profit and loss account and other comprehensive income, balance sheet, statement of changes in equity, and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its results for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Emphasis of matter

We draw attention to the disclosure made in note 2 of the financial statements which explains that the financial statements are now not prepared on the going concern basis for the reason set out in that note. Our opinion is not modified in respect of this matter.

Directors' report

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

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

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Property Newco Two Limited

Independent Auditor's Report to the Members of Property Newco Two Limited (continued)

Directors' responsibilities

As explained more fully in their statement set out on page 4, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view, such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

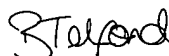
Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

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

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



.....
Bethan Telford (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

15 Canada Square
Canary Wharf
London
E14 5GL

Date: 15 December 2020
.....

Property Newco Two Limited

Profit and loss account and other comprehensive income for the year ended 31 December 2019

	Note	2019 £000	2018 £000
Loss on revaluation of fixed asset investments		-	(3,438)
Income from fixed asset investments		<u>-</u>	<u>3,723</u>
Operating profit and profit on ordinary activities before taxation		-	285
Tax charge on profit on ordinary activities	6	<u>-</u>	<u>(367)</u>
Loss and total comprehensive income for the financial year		<u><u>-</u></u>	<u><u>(82)</u></u>

The above results were derived from continuing operations.

The Company has no recognised gains or losses for the year other than the results above.

The notes on pages 10 to 15 form an integral part of these financial statements.

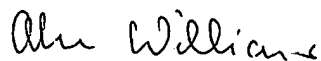
Property Newco Two Limited

Balance sheet as at 31 December 2019

	Note	2019 £000	2018 £000
Current assets			
Debtors	7	2,029	2,763
Creditors: amounts falling due within one year	8	-	(734)
Net assets		<u>2,029</u>	<u>2,029</u>
Capital and reserves			
Called up share capital	9	-	-
Profit and loss account	10	<u>2,029</u>	<u>2,029</u>
Total equity		<u>2,029</u>	<u>2,029</u>

The notes on pages 10 to 15 form an integral part of these financial statements.

The financial statements of Property Newco Two Limited, registered number 05936169, were approved and authorised by the Board on 14/12/2020 and signed on its behalf by:



A.R. Williams
Director

Property Newco Two Limited

Statement of changes in equity for the year ended 31 December 2019

	Share capital £000	Profit and loss account £000	Total £000
At 1 January 2018	-	2,111	2,111
Loss for the financial year and total comprehensive income	-	(82)	(82)
At 31 December 2018	-	2,029	2,029
Result for the financial year and total comprehensive income	-	-	-
At 31 December 2019	-	2,029	2,029

Property Newco Two Limited

Notes to the financial statements for the year ended 31 December 2019

1 General information

The company is a private company limited by share capital, incorporated in the United Kingdom under the Companies Act 2006.

The address of its registered office is given on page 1.

2 Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (as amended following its Triennial review in 2017).

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The financial statements have been prepared on a non going concern basis. The directors have considered the valuation of assets and liabilities previously held at historical cost and compared them to their equivalent fair values. There have been no adjustments in this respect.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

Summary of disclosure exemptions

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its financial statements. Exemptions have been taken in relation to share-based payments, financial instruments, presentation of a cash flow statement, intra-group transactions and remuneration of key management personnel.

Going concern

In previous years, the financial statements have been prepared on a going concern basis. However, during 2020 the directors took the decision to liquidate the Company as part of the simplification strategy of the Travis Perkins Group. Liquidation is expected to be completed within 12 months of the date of these financial statements.

Accordingly the directors have not prepared the financial statements on a going concern basis.

Financial instruments

Recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Property Newco Two Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

2 Accounting policies (continued)

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in operating profit in the profit and loss account as a charge to administrative expenses.

a) Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in a previously recognised impairment loss, the prior impairment loss is tested to determine whether a reversal is required. An impairment loss is reversed on an individual impaired asset (other than goodwill) to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

b) Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Tax

The tax expense for the period comprises tax. Tax is recognised in the profit or loss account, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge, including UK corporation tax and foreign tax, is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Property Newco Two Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

2 Accounting policies (continued)

The tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

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

Deferred tax assets and liabilities are offset only if: 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, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Share capital

Equity instruments represent the ordinary share capital of the Company and are recorded at the proceeds received, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Due to the simplicity of the Company's operations, there are no critical accounting judgements and estimates made in the preparation of these financial statements.

4 Auditor's remuneration

The analysis of auditor's remuneration is as follows:

	2019 £000	2018 £000
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	<u>5</u>	<u>3</u>

These fees were borne by another group company. Auditor's remuneration for non-audit services is disclosed within the Travis Perkins plc Annual Report. No non-audit services were provided by the auditor directly to the Company in either the current or prior year.

Property Newco Two Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

5 Directors' remuneration

One (2018: two) of the Directors are paid by other group companies and received total emoluments (including non-performance related bonuses) of £988,000 (2018: £886,000), pension contributions of £nil (2018: £134,000) and performance-related bonus of £nil (2018: £nil) during the year, but it is not practicable to allocate their remuneration from other group companies for services rendered. In addition, of these Directors, none (2018: none) are accruing benefits under the Travis Perkins Pensions and Dependents' Benefit Scheme, which is a defined benefit pension scheme, and none (2018: two) are contributing towards the Travis Perkins Pension Plan, which is a defined contribution scheme, in respect of their service to other group companies.

One Director paid by another group company exercised share options during the year (2018: two).

No staff were directly employed by Property Newco Two Limited in either financial period.

6 Tax

Tax charged in the income statement

	2019 £000	2018 £000
Current taxation		
UK corporation tax	-	696
Deferred taxation		
Origination and reversal of timing differences	-	(642)
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	-	313
Total deferred taxation	-	(329)
Tax expense in the income statement	-	367

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2018: higher than the standard rate of corporation tax in the UK) of 19% (2018: 19%).

The differences are reconciled below:

	2019 £000	2018 £000
Profit before tax	-	285
Corporation tax at standard rate	-	54
Increase in UK current tax from adjustment for prior periods	-	313
Total tax charge	-	367

Property Newco Two Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

7 Debtors

	2019 £000	2018 £000
Trade debtors	-	(1)
Amounts owed by group undertakings	<u>2,029</u>	<u>2,764</u>
	<u>2,029</u>	<u>2,763</u>

Amounts owed by group undertakings include loans and trade balances. The loans are interest free and have no fixed date for repayment.

8 Creditors: amounts falling due within one year

	2019 £000	2018 £000
Due within one year		
Trade creditors	-	(1)
Corporation tax liability	<u>-</u>	<u>735</u>
	<u>-</u>	<u>734</u>

Amounts owed by group undertakings include loans and trade balances. The loans are interest free and have no fixed date for repayment. No security has been given in relation to any creditors.

9 Share capital

Allotted, called up and fully paid shares

	No.	2019 £	No.	2018 £
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

There were no changes to share capital during the year.

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

10 Reserves

The profit and loss account represents cumulative profits or losses.

Property Newco Two Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

11 Related party transactions

The Company has taken advantage of the exemption contained within FRS 102 and not disclosed transactions or balances with companies that are fellow wholly-owned subsidiaries of Travis Perkins plc.

12 Parent and ultimate parent undertaking

The immediate and ultimate parent undertaking, controlling party and smallest and largest group to consolidate these financial statements is Travis Perkins plc, a company registered in England and Wales.

Copies of the Travis Perkins plc group financial statements are available from The Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.