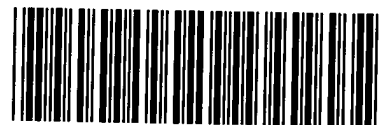


Company number: 07412270

Caledonian Property Estates Limited
Directors' report and financial statements
31 December 2014

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Directors

J D Burns
N Q George
S P Silver
D G Silverman
P M Williams
D M A Wisniewski

Secretary and registered office

T J Kite
25 Savile Row
London
W1S 2ER

Company number

7412270

Auditor

PricewaterhouseCoopers LLP
7 More London Riverside
London
SE1 2RT

Caledonian Property Estates Limited

Directors' report

Principal activities and future developments

The Company is a property investment company. The directors foresee no material change in the nature of the Company's activities.

Financial review and dividends

The results for the financial year are set out in the statement of comprehensive income on page 5. The directors do not recommend payment of a dividend (2013: £nil).

Going concern

The Company's ultimate parent company, Derwent London plc, has provided the Company with an undertaking that it will provide such financial support as the Company requires for its continued operations for at least 12 months from the date of approval of these financial statements.

Based on this understanding, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis notwithstanding the net current liabilities on the company's balance sheet. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Political contributions

There were no political contributions in the financial year (2013: £nil).

Directors

The directors who held office during the year and up to the date of signing were as follows:

J D Burns
N Q George
S P Silver
D G Silverman
P M Williams
D M A Wisniewski

None of the above directors has an interest in the ordinary share capital of the Company. The interests of the directors in the share capital of Derwent London plc, the Company's parent company, are disclosed in the accounts of that Company.

Disclosure of information to the auditor

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

Auditor

PricewaterhouseCoopers LLP was appointed as auditor to the Company during 2014 and has expressed its willingness to continue in office. Under the Companies Act 2006 section 487(2) it will be automatically re-appointed as auditor 28 days after these accounts are sent to the members, unless the members exercise their rights under the Companies Act 2006 to prevent its re-appointment.

Caledonian Property Estates Limited

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

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework", 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 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework", have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping 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.

Small companies' exemption

This report has been prepared in accordance with the special provisions for small companies under Part 15 and section 417(1) of the Companies Act 2006.

By order of the board



T J Kite
Secretary
25 Savile Row
London
W1S 2ER

26 June 2015

Caledonian Property Estates Limited

Independent auditor's report to the members of Caledonian Property Estates Limited

Report on the financial statements

Our opinion

In our opinion, Caledonian Property Estates Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

Caledonian Property Estates Limited's financial statements comprise:

- the Balance sheet as at 31 December 2014;
- the Statement of comprehensive income for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies' exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Caledonian Property Estates Limited

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

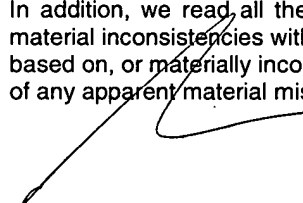
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Directors' report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Craig Hughes (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
26 June 2015

Caledonian Property Estates Limited

Statement of comprehensive income for the year ended 31 December

	Note	2014 £	2013 £
Gross property income	3	27,413	26,480
Net property income	3	5,473	13,722
Revaluation surplus		41,328	302,353
Operating profit	4	46,801	316,075
Interest receivable and similar income	5	74	10
Interest payable and similar charges	6	(54,976)	(55,250)
(Loss)/profit on ordinary activities and total comprehensive (expense)/income for the year before and after tax	7	(8,101)	260,835

All amounts relate to continuing activities

The notes on pages 8 to 13 form part of these financial statements.

Caledonian Property Estates Limited

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Balance sheet at 31 December

	Note	2014 £	2013 £
Fixed assets			
Investment properties	8	1,340,000	1,297,000
		<hr/>	<hr/>
		1,340,000	1,297,000
Current assets			
Cash at bank and in hand		39,548	36,031
Debtors falling due within one year	9	1,390	857
		<hr/>	<hr/>
		40,938	36,888
Current liabilities			
Creditors falling due within one year	10	(1,190,898)	(1,135,747)
		<hr/>	<hr/>
Net current liabilities		(1,149,960)	(1,098,859)
		<hr/>	<hr/>
Net assets		190,040	198,141
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	11	1,000	1,000
Retained earnings		189,040	197,141
		<hr/>	<hr/>
Equity shareholders' funds		190,040	198,141
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 26 June 2015 and were signed on its behalf by:



S P Silver

The notes on pages 8 to 13 form part of these financial statements.

Caledonian Property Estates Limited

Statement of changes in equity for the year ended 31 December

	Share capital	Retained earnings/ (losses)	Total equity
	£	£	£
At 1 January 2014	1,000	197,141	198,141
Total comprehensive expense for the year	-	(8,101)	(8,101)
At 31 December 2014	1,000	189,040	190,040
At 1 January 2013	1,000	(63,694)	(62,694)
Total comprehensive income for the year	-	260,835	260,835
At 31 December 2013	1,000	197,141	198,141

The notes on pages 8 to 13 form part of these financial statements.

Caledonian Property Estates Limited

Notes to the financial statements

1. Basis of preparation

These financial statements have been prepared under the historical cost convention as modified by the revaluation of investment properties and in accordance with the Companies Act 2006 (the Act) and United Kingdom Accounting Standards (UK GAAP). Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) was adopted early by the Company in 2013 and sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard. This addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS.

The Company is a qualifying entity for the purposes of FRS 101. Note 13 gives details of the Company's ultimate parent company and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

FRS 101 sets out amendments to EU-adopted IFRS that are necessary to achieve compliance with the Act and related Regulations. The disclosure exemptions adopted by the Company in accordance with FRS 101 are as follows:

- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of IAS 7 Statement of Cash Flows; and
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group.

The Company has notified its shareholders in writing about, and they do not object to, the use of the disclosure exemptions used by the Company in these financial statements.

The preparation of financial statements in accordance with FRS 101 requires the use of certain critical accounting estimates and judgements. It also requires management to exercise judgement in the process of applying the Company's accounting policies. The Company's significant accounting policies are stated in note 2. Not all of these accounting policies require management to make difficult, subjective or complex judgements or estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates. The following is intended to provide an understanding of the policies that management consider critical because of the level of complexity, judgement or estimation involved in their application and their impact on the financial statements.

Trade receivables

The Company is required to judge when there is sufficient objective evidence to require the impairment of individual trade receivables. It does this on the basis of the age of the relevant receivables, external evidence of the credit status of the debtor entity and the nature of any disputed amounts.

Property portfolio valuation

The Company uses the valuation carried out by its independent valuers as the fair value of its property portfolio. The valuation is based upon assumptions including future rental income, anticipated maintenance costs, future development costs and the appropriate discount rate. The valuers also make reference to market evidence of transaction prices for similar properties.

Outstanding rent reviews

Where the outcome of an outstanding rent review is reasonably certain, rent is accrued from the rent review date based upon an estimated annual rent. This estimate is derived from knowledge of market rents.

2. Accounting policies

Going concern

The Company's ultimate parent company, Derwent London plc, has provided the Company with an undertaking that it will provide such financial support as the Company requires for its continued operations for at least 12 months from the date of approval of these financial statements.

Based on this understanding, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis notwithstanding the net current liabilities on the company's balance sheet. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Gross property income

Gross property income arises from two main sources:

- (i) Rental income – This arises from operating leases granted to tenants. An operating lease is a lease other than a finance lease. A finance lease is one whereby substantially all the risks and rewards of ownership are passed to the lessee.

Rental income is recognised in the statement of comprehensive income on a straight-line basis over the term of the lease in accordance with SIC 15 Operating Leases - Incentives and IAS 17 Leases. This includes the effect of lease incentives given to tenants, which are normally in the form of rent free or half rent periods or capital contributions in lieu of rent free periods, and the effect of contracted rent uplifts and payments received from tenants on the grant of leases.

For income from property leased out under a finance lease, a lease receivable asset is recognised in the balance sheet at an amount equal to the net investment in the lease, as defined in IAS 17 Leases. Minimum lease payments receivable, again defined in IAS 17, are apportioned between finance income and the reduction of the outstanding lease receivable so as to produce a constant periodic rate of return on the remaining net investment in the lease. Contingent rents, being the difference between the rent currently receivable and the minimum lease payments when the net investment in the lease was originally calculated, are recognised in property income in the years in which they are receivable.

- (ii) Surrender premiums – Payments received from tenants to surrender their lease obligations are recognised immediately in the statement of comprehensive income.

Expenses

- (i) Lease payments – Where investment properties are held under operating leases, the leasehold interest is classified as if it were held under a finance lease, which is recognised at its fair value on the balance sheet, within the investment property carrying value. Upon initial recognition, a corresponding liability is included as a finance lease liability. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability so as to produce a constant periodic rate of interest on the remaining finance lease liability. Contingent rents payable, being the difference between the rent currently payable and the minimum lease payments when the lease liability was originally calculated, are charged as expenses within property expenditure in the years in which they are payable.
- (ii) Dilapidations – Dilapidations monies received from tenants in respect of their lease obligations are recognised immediately in the statement of comprehensive income, unless they relate to future capital expenditure. In the latter case, where the costs are considered to be recoverable they are capitalised as part of the carrying value of the property.
- (iii) Reverse surrender premiums – Payments made to tenants to surrender their lease obligations are charged directly to the statement of comprehensive income unless the payment is to enable the probable redevelopment of a property. In the latter case, where the costs are considered to be recoverable, they are capitalised as part of the carrying value of the property.
- (iv) Other property expenditure – Vacant property costs and other property costs are expensed in the year to which they relate, with the exception of the initial direct costs incurred in negotiating and arranging leases which are, in accordance with IAS 17 Leases, added to the carrying value of the relevant property and recognised as an expense over the lease term on the same basis as the lease income.

Investment property

- (i) Valuation – Investment properties are those that are held either to earn rental income or for capital appreciation or both, including those that are undergoing redevelopment. Investment properties are measured initially at cost, including related transaction costs. After initial recognition, they are carried in the Company balance sheet at fair value adjusted for the carrying value of leasehold interests and lease incentive and letting cost receivables. Fair value is the price that would be received to sell an investment property in an orderly transaction between market participants at the measurement date. The valuation is undertaken by independent valuers who hold recognised and relevant professional qualifications and have recent experience in the locations and categories of properties being valued.

Surpluses or deficits resulting from changes in the fair value of investment property are reported in the statement of comprehensive income in the year in which they arise.

- (ii) Capital expenditure – Capital expenditure, being costs directly attributable to the redevelopment or refurbishment of an investment property, up to the point of it being completed for its intended use, are capitalised in the carrying value of that property. In addition, in accordance with IAS 23 Borrowing Costs, finance costs that are directly attributable to such expenditure are capitalised using the Group average cost of borrowings during each quarter.
- (iii) Disposal – Properties are treated as disposed when the Company transfers the significant risks and rewards of ownership to the buyer. Generally this would occur on completion of contract. On disposal, any gain or loss is calculated as the difference between the net disposal proceeds and the carrying value at the last year end plus subsequent capitalised expenditure during the year. Where the net disposal proceeds have yet to be finalised at the balance sheet date, the proceeds recognised reflect the Directors' best estimate of the amounts expected to be received. Any contingent consideration is recognised at fair value at the balance sheet date. The fair value is calculated using future discounted cash flows based on expected outcomes with estimated probabilities taking account of the risk and uncertainty of each input.

- (iv) Development – When the Company begins to redevelop an existing investment property for continued use as an investment property or acquires a property with the subsequent intention of developing as an investment property, the property is classified as an investment property and is accounted for as such. When the Company begins to redevelop an existing investment property with a view to sale, the property is transferred to trading properties and held as a current asset. The property is remeasured to fair value as at the date of transfer with any gain or loss being taken to the statement of comprehensive income. The remeasured amount becomes the deemed cost at which the property is then carried in trading properties.

Financial assets

- (i) Cash and cash equivalents – Cash comprises cash in hand and on-demand deposits less overdrafts. Cash equivalents comprise short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.
- (ii) Trade receivables – Trade receivables are recognised and carried at the original transaction value. A provision for impairment is established where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables concerned.

Financial liabilities

Trade payables – Trade payables are recognised and carried at the original transaction value.

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the tax computations, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. In respect of the deferred tax on the revaluation surplus, this is calculated on the basis of the chargeable gains that would crystallise on the sale of the investment portfolio as at the reporting date. The calculation takes account of available indexation on the historic cost of the properties and any available capital losses.

Deferred tax is calculated at the tax rates that are expected to apply in the period, based on Finance Acts substantially enacted at the year end, when the liability is settled or the asset is realised. Deferred tax is included in profit or loss for the period, except when it relates to items recognised in other comprehensive income or directly in equity.

3. Property income

	2014 £	2013 £
Gross rental income	27,413	26,480
Gross property income	27,413	26,480
Property outgoings less amounts recovered from tenants	(21,940)	(12,758)
Net property income	5,473	13,722

4. Operating profit

Audit fees of £2,500 (2013: £2,500) have been incurred by Derwent London plc on behalf of the Company.

The Company does not have any employees (2013: nil) and there were no directors' emoluments (2013: £nil).

5. Interest receivable and similar income

	2014 £	2013 £
Intercompany interest	-	10
Other interest	74	-
	74	10

6. Interest payable and similar charges

	2014 £	2013 £
Intercompany interest	54,976	55,170
Other	-	80
	54,976	55,250

7. Tax charge

There is no tax charge for the year (2013: £nil).

Factors affecting the tax for the year

The effective rate of tax for the year is higher (2013: lower) than the standard rate of corporation tax in the UK. The differences are explained below.

	2014 £	2013 £
(Loss)/profit before tax	(8,101)	260,835
Current tax at 21.5% (2013: 23.25%)	(1,742)	60,644
Effects of:		
REIT exempt income	12,513	11,541
Transfer pricing adjustment	(322)	(435)
Revaluation surplus attributable to REIT properties	(8,885)	(70,297)
Difference in interest rate on intercompany loans for tax purposes	(1,564)	(1,453)
Tax charge for the year	-	-

The expected tax rate for 2014 has been changed in line with the 2014 Finance Act.

8. Tangible assets

Freehold investment properties

	2014 £	2013 £
Valuation		
Fair value at 1 January 2014	1,297,000	991,000
Capital expenditure	1,672	3,647
Revaluation	41,328	302,353
At 31 December 2014	1,340,000	1,297,000
Historical cost of revalued assets		£
At 31 December 2014		966,949
At 31 December 2013		965,277

The property portfolio is subject to semi-annual external valuations and was revalued at 31 December 2014 by external valuers, CBRE Limited, on the basis of fair value in accordance with the RICS Valuation – Professional Standards, which takes account of the properties' highest and best use.

9. Debtors

	2014 £	2013 £
Falling due within one year:		
Trade debtors	643	-
Prepayments and accrued income	747	857
	<u>1,390</u>	<u>857</u>

10. Creditors

	2014 £	2013 £
Falling due within one year:		
Amounts owed to group undertakings	1,189,156	1,133,210
Accruals and deferred income	1,742	2,537
	<u>1,190,898</u>	<u>1,135,747</u>

Amounts owed to group undertakings are unsecured, have no fixed date of repayment and are repayable on demand. Interest is charged at the Group's average weighted cost of borrowings.

11. Called up share capital

	2014 £	2013 £
Allotted, called up and fully paid		
1,000 ordinary shares of £1 each	1,000	1,000

12. Leases

	2014 £	2013 £
Operating lease receipts:		
Minimum lease receipts under non-cancellable operating leases to be received:		
not later than one year	19,118	4,749
later than one year and not later than five years	184	184
later than five years	46	92
	<u>19,348</u>	<u>5,025</u>

13. Parent company

The Company's immediate parent undertaking is Derwent Valley Limited, a company incorporated in England and Wales.

The Company's ultimate parent company is Derwent London plc, a company incorporated in England and Wales, whose registered office is at 25 Savile Row, London, W1S 2ER. Copies of the consolidated group accounts can be obtained from this address.