Soho Estates Portfolio Limited

Annual report and financial statements

Registered number 07984861

31 March 2018

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Directors and advisers

Directors	Mr J James Miss F James Mr M Egglenton Mrs R Wood Mr P Whalan Mr P Thompson
Secretary	Mrs R Wood
Company number	07984861
Registered office	58 Wardour Street London UK W1D 4JQ
Registered auditor	KPMG LLP St Nicholas House 31 Park Row Nottingham NG1 6FQ

Directors' report

The directors present their report and financial statements for the year ended 31 March 2018.

Principal activities

The principal activity of the Company continued to be that of property investment and development, exclusively in the W1 postal district.

Results and dividends

The profit and loss account for the year is set out on page 6.

The directors recommend the payment of a dividend of £nil *(2017: £1,911,000).*

It is proposed that the retained profit is transferred to the Company's reserves.

Directors

The directors who held office during the year and up to the date of this report:

Mr J James
Miss F James
Mr M Egglenton
Mrs R Wood
Mr P Whalan
Mr P Thompson

Charitable donations

The company made no political or charitable donations or incurred any political expenditure during the year.

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/she ought to have taken as a director to make himself/ herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the board

Mrs R Wood

Director

13th August 2018

Statement of directors' responsibilities in respect of the annual 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 they 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.

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.

KPMG

Independent auditor's report to the members of Soho Estates Portfolio Limited

Opinion

We have audited the financial statements of Soho Estates Portfolio Limited ("the company") for the year ended 31 March 2018 which comprise the profit and loss account and other comprehensive income, the balance sheet, the statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its profit 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.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

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.

KPMG

Independent auditor's report to the members of Soho Estates Portfolio Limited
(continued)

Directors' responsibilities

As explained more fully in their statement set out on page 3, 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 Financial Reporting Council'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.

Anthony Hambleton

Anthony Hambleton *(Senior Statutory Auditor)*

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
St Nicholas House
Park Row
Nottingham NG1 6FQ

Dated: 20 August 2018

Profit and loss account and other comprehensive income
for year ended 31 March 2018

	Note	2018 £000	2017 £000
Turnover	2	**810**	1,162
Cost of sales		**(68)**	(264)
Gross profit		**742**	898
Administrative expenses		**-**	(2)
Other operating income	3	**-**	19,297
Profit before taxation		**742**	20,193
Tax on profit	4	**56**	(2,856)
Profit for the financial year		**798**	17,337
Other comprehensive income		**-**	-
Total comprehensive income		**798**	17,337

The profit and loss account and other comprehensive income has been prepared on the basis that all operations are continuing operations.

Balance sheet
at 31 March 2018

	2018		2017	
	£000	£000	£000	£000
Fixed assets				
Investment property		**140,708**		125,553
Current assets				
Debtors	**392**		299	
Cash at bank and in hand	**35**		-	
	427		299	
Creditors: amounts falling due within one year	**(100,051)**		(85,548)	
Net current liabilities		**(99,624)**		(85,249)
Total assets less current liabilities		**41,084**		40,304
Provisions for liabilities:				
Deferred tax		**(5,363)**		(5,381)
Net assets		**35,721**		34,923
Capital and reserves				
Called up share capital		**-**		-
Revaluation reserve		**34,206**		34,206
Profit and loss account		**1,515**		717
Shareholders' funds		**35,721**		34,923

These financial statements were approved by the board of directors on 13th August 2018 and were signed on its behalf by:

Mrs R Wood
Director

Company registered number: 07984861

Statement of changes in equity

	Called up share capital £000	Revaluation reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2016	-	17,586	1,911	19,497
Total comprehensive income for the year				
Profit for the year	-	-	17,337	17,337
Transfer to revaluation reserve	-	19,297	(19,297)	-
Movement on deferred tax on revaluation reserve	-	(2,677)	2,677	-
	-	16,620	717	17,337
Transactions with owners recorded directly in equity				
Dividends	-	-	(1,911)	(1,911)
Total contributions by and distributions to owners	-	-	(1,911)	(1,911)
Balance at 31 March 2017	**-**	**34,206**	**717**	**34,923**

	Called up share capital £000	Revaluation reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2017	-	34,206	717	34,923
Total comprehensive income for the year				
Profit for the year	-	-	798	798
	-	-	798	798
Balance at 31 March 2018	**-**	**34,206**	**1,515**	**35,721**

Notes
(forming part of the financial statements)

1 Accounting policies

Soho Estates Portfolio Limited (the "Company") is a private company limited by shares and incorporated and domiciled in England. The registered number is 07984861 and the registered address is 58 Wardour Street, London, UK, W1D 4JQ.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (*"FRS 102"*). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking, Soho Estates Holdings Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Soho Estates Holdings Limited are available to the public and may be obtained from 58 Wardour Street, London, UK, W1D 4JQ. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Soho Estates Holdings Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 14.

1.1. Measurement convention

The financial statements are prepared on the historical cost basis except that investment property is stated at fair value.

1.2. Going concern

Notwithstanding net current liabilities of £99,624,000 the directors have prepared these financial statements on a going concern basis for the following reasons:

- They have reviewed the profit and cash forecasts for the twelve months from the date of approval of these financial statements. The forecasts show a profit and that a positive cash balance will be maintained.
- Whilst the amounts owed to group undertakings are repayable on demand there is no intention on the part of the group to recall this amount.

Notes *(continued)*

1 Accounting policies *(continued)*

1.3. Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.4. Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

1.5. Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost.

Subsequent to initial recognition

i. investment properties whose fair value can be measured reliably without undue cost or effort are held at fair value. Any gains or losses arising from changes in the fair value are recognised in profit or loss in the period that they arise;

ii. investment properties under construction are measured at cost until the fair value becomes reliably measurable, or until construction is complete;

iii. no depreciation is provided in respect of investment properties applying the fair value model.

Notes *(continued)*

1 Accounting policies *(continued)*

1.6. Impairment

Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than investment property, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.7. Turnover

Turnover represents the amount of property income receivable in the period. Lease incentives are recognised over the duration of the lease term.

1.8. Expenses

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Notes *(continued)*

1 Accounting policies *(continued)*

1.9. Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. For investment property that is measured at fair value, deferred tax is provided at the rates and allowances applicable to the sale of the property. Deferred tax balances are not discounted.

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

2 Turnover

Turnover represents the amount of property income receivable in the period, derived wholly in the United Kingdom.

	2018	2017
	£000	£000
Less than one year	**691**	618
Between one and five years	**2,311**	2,260
More than five years	**1,067**	1,287
	4,069	4,165

3 Other operating income

	2018	2017
	£000	£000
Fair value movement on investment property	**-**	19,297

Notes *(continued)*

4 Taxation

Total tax (income)/expense recognised in the profit and loss account

	2018		2017	
	£000	**£000**	£000	£000
Current tax				
Current tax on income for the period		**141**		179
Adjustments in respect of prior periods		**(179)**		-
Total current tax		**(38)**		179
Deferred tax (note 9)				
Origination and reversal of timing differences	**(18)**		2,704	
Change in tax rate	**-**		(27)	
		(18)		2,677
Total tax (income)/expense		**(56)**		2,856

Reconciliation of effective tax rate

	2018	2017
	£000	£000
Profit for the year	**798**	17,337
Total tax (income)/expense	**(56)**	2,856
Profit excluding taxation	**742**	20,193
Tax using the UK corporation tax rate of 19% *(2017: 20%)*	**141**	4,039
Origination and reversal of timing differences	**(18)**	(976)
Reduction in tax rate on deferred tax balances	-	(27)
Group relief	-	(160)
Adjustments to tax charge in respect of prior periods	**(179)**	-
Capital allowances in excess of depreciation	-	(20)
Total tax (income)/expense included in profit or loss	**(56)**	2,856

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 31 March 2018 has been calculated based on these rates.

5 Staff numbers and costs

All directors are also directors of other group companies and full details of their remuneration from the group are shown in the financial statements of the companies from which they are remunerated. No recharge is made for these services. The directors do not allocate specific time to the Company and therefore it is not possible to make an accurate apportionment of the services received by the Company. Auditor's remuneration is borne by the parent company.

Notes *(continued)*

6 Investment property

	£000
Balance at 1 April 2017	125,553
Additions	15,155
Balance at 31 March 2018	**140,708**
Historical cost net book value	115,496

No item of investment property in the year was valued by an external, independent valuer *(2017: £nil)*. The directors value the portfolio every year.

The Investment Property portfolio is valued by the Directors of the company using ERV and yields appropriate to the region in which the property is situated. Benchmarking is undertaken to determine appropriate parameters for the yields used.

Assets under development are measured at cost until the fair value becomes reliably measurable, or until construction is complete.Any gain or loss arising from a change in fair value is recognised in the profit or loss account - rental income from investment property is accounted for as described in the turnover accounting policy.

7 Debtors

	2018 £000	2017 £000
Trade debtors	**81**	-
Other debtors	**85**	243
Taxation and social security	**200**	-
Prepayments and accrued income	**26**	56
	392	299

8 Creditors: amounts falling due within one year

	2018 £000	2017 £000
Bank overdraft	**-**	261
Trade creditors	**187**	344
Amounts owed to group undertakings	**99,241**	84,472
Other creditors	**153**	85
Corporation tax creditor	**141**	179
Accruals and deferred income	**329**	207
	100,051	85,548

Amounts owed to group companies are repayable on demand.

Notes *(continued)*

9 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2018	2017
	£000	£000
Origination and reversal of timing differences	5,363	5,381

We anticipate an immaterial amount of deferred tax to unwind in the next twelve months and the majority to remain until which point the asset it attaches to is sold.

10 Capital and reserves

	2018	2017
	£000	£000
Allotted, called up and fully paid		
1 ordinary share of £1	-	-

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Revaluation reserve

Where investment properties have previously been revalued, the net revaluation increase is included in the revaluation reserve.

Dividends

No dividends were proposed after the year end.

11 Capital commitments

Capital commitments

Contractual commitments at the year end were £13,000,000 *(2017: £20,000,000).*

12 Related parties

Identity of related parties with which the Company has transacted

As the Company was a wholly owned subsidiary of Soho Estates Limited, who in turn are a wholly owned subsidiary of Soho Estates Holdings Limited at 31 March 2018, the Company has taken advantage of the exemption contained in FRS102.33.1A and has therefore not disclosed transactions or balances with wholly owned entities which form part of the Group headed by Soho Estates Holdings Limited.

13 Ultimate parent company and parent company of larger Company

The Company is a subsidiary undertaking of Soho Estates Limited, 58 Wardour Street, London, UK, W1D 4JQ. The ultimate parent company is Soho Estates Holdings Limited, 58 Wardour Street, London, UK, W1D 4JQ. The ultimate controlling party is the Paul Raymond family trusts, 58 Wardour Street, London, UK, W1D 4JQ.

The largest Company in which the results of the Company are consolidated is that headed by Soho Estates Holdings Limited, incorporated in England. The smallest Company in which they are consolidated is that headed by Soho Estates Limited, incorporated in England. The consolidated financial statements of these Companies are available to the public and may be obtained from the address shown in note 1.

Notes *(continued)*

14 Accounting estimates and judgements

Key sources of estimation uncertainty

The directors consider the only areas of estimation uncertainty in the financial statements is the valuation of investment property. This is calculated using a director's valuation with reference to market rental yields for the area which reduces the subjectivity around investments.

Critical accounting judgements in applying the Company's accounting policies

The directors consider that there are no critical accounting judgements (except for those involving estimates included above).