

FREP 3 (Abbey Road) Limited

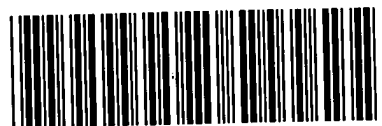
Directors' Report and Financial Statements

For the period from 3 August 2018 to

31 December 2019

Company Number 11499145

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FREP 3 (Abbey Road) Limited

Company Information

Directors	T K Allibone J C Brand P B Bray A I Rogers P J H Smith
Company secretary	C A Stratton
Registered number	11499145
Registered office	11-15 Wigmore Street London W1A 2JZ
Independent auditor	Haines Watts Chartered Accountants & Statutory Auditor New Derwent House 69-73 Theobalds Road London WC1X 8TA United Kingdom

FREP 3 (Abbey Road) Limited

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FREP 3 (Abbey Road) Limited

Directors' Report For the Period Ended 31 December 2019

The directors of FREP 3 (Abbey Road) Limited (the "Company") present their report together with the audited financial statements for the 17 month period from 3 August 2018 to 31 December 2019.

Incorporation

The Company was incorporated on 3 August 2018 under the Companies Act 2006.

Principal activity

The principal activity of the Company is property investment.

Results and dividends

The results for the period are shown in the Statement of Comprehensive Income (page 7). The loss for the period was £4,603,985.

Directors

The directors of the Company, all appointed on 3 August 2018 and who served during the period and subsequently, are:

T K Allibone
J C Brand
P B Bray
A I Rogers
P J H Smith

Principal risks and uncertainties

The Company's objectives, policies and processes for managing its investment risk, its financial risk management and its exposure to property valuation risk are set out below.

The emergence of the COVID-19 coronavirus has created a number of uncertainties and risks that may affect the Company's performance going forwards. Such risks include financial risk, adverse market valuation movements which may affect the Company's balance sheet and the ability to fully realise the Company's assets.

Investment risks

Frogmore Real Estate Partners Fund Managers Limited ("FREPFM"), acts as advisor and asset manager to the Company, sources proposed investment property acquisitions and make recommendations. FREPFM advises the board on the execution of the business plan on a quarterly basis. The remit of FREPFM includes consideration of legal title matters, tenancies, technical and planning reviews, including environmental factors, review of market conditions, consideration of the business plan and financial appraisals for the project and an assessment of the risks associated with the proposal.

Key performance indicators ('KPI') such as internal rates of returns and equity multiples are reviewed constantly and annual valuations are undertaken by external qualified professionals. Quarterly reviews, update on business plans, financial appraisal and levels of rental income and voids are also monitored regularly.

Financial risk management

The Company's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk and cash flow interest rate risk. The Company's overall risk management programme seeks to manage potential adverse effects on the Company's financial performance. The Company uses derivative financial instruments to hedge certain interest risk exposures through interest rate caps.

FREP 3 (Abbey Road) Limited

Directors' Report (continued) For the Period Ended 31 December 2019

Principal risks and uncertainties (continued)

Property valuations

The value of the property portfolio held by the Company is affected by the conditions prevailing in the property investment market and the general economic environment. The terms of the United Kingdom leaving the European Union are still to be negotiated and the effects of this, together with COVID-19 coronavirus outbreak, are continuing to cause uncertainty which may have future economic impacts to property valuations. Accordingly, the Company's net asset value can rise and fall due to external factors beyond the directors' control.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed 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 all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Events after the reporting period

The emergence of the COVID-19 coronavirus in 2020 has had a significant impact on economies and resulted in severe restrictions of movement of people across the United Kingdom. It is likely that this could result in a reduction in the future value of the Company's investments and this impact may be material. However, as of the date of approving the financial statements, the directors are unable to reliably measure the potential impact.

Auditor

The directors have appointed Haines Watts as auditor of the Company, who have expressed their willingness to continue as auditors.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 23 July 2020

and signed on its behalf.

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C A Stratton
Secretary

FREP 3 (Abbey Road) Limited

Directors' Responsibilities Statement For the period from 3 August 2018 to 31 December 2019

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 and applicable law), including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ("FRS 102")'. 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; 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.

FREP 3 (Abbey Road) Limited

Independent Auditor's Report to the Members of FREP 3 (Abbey Road) Limited

Opinion

We have audited the financial statements of FREP 3 (Abbey Road) Limited (the 'Company') for the period ended 31 December 2019 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Financial Statements, 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 Financial Reporting Standard 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 December 2019 and of its loss for the period then ended;
- has been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- has 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.

However, not all future events or conditions can be predicted. The COVID-19 viral pandemic is one of the most significant economic events for the UK with unprecedented levels of uncertainty of outcomes. It is therefore difficult to evaluate all of the potential implications on the Company's trade, customers, suppliers and wider economy. The directors' view on the impact of COVID-19 is set out in note 17 to the financial statements.

FREP 3 (Abbey Road) Limited

Independent Auditor's Report to the Members of FREP 3 (Abbey Road) Limited (continued)

Other information

The directors are responsible for the other information. The other information comprises the information in the Directors' Report, but does not include 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 Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters 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 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 or in preparing the Directors' Report.

FREP 3 (Abbey Road) Limited

Independent Auditor's Report to the Members of FREP 3 (Abbey Road) Limited (continued)

Responsibilities of directors

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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

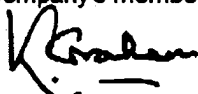
Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Use of our report

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



Keith Graham (Senior Statutory Auditor)
for and on behalf of Haines Watts
Chartered Accountants & Statutory Auditor
New Derwent House
69-73 Theobalds Road
London
WC1X 8TA
United Kingdom

Date: 23 July 2020

FREP 3 (Abbey Road) Limited

Statement of Comprehensive Income For the period from 3 August 2018 to 31 December 2019

	Note	Period from 3 August 2018 to 31 December 2019 £
Cost of sales		(4,248)
Gross loss		<u>(4,248)</u>
Administrative expenses		(44,263)
Movement in fair value of investment property	7	(4,204,174)
Loss before interest and taxation		<u>(4,252,685)</u>
Interest payable and expenses	5	(351,300)
Loss before taxation		<u>(4,603,985)</u>
Taxation	6	-
Loss for the financial period		<u><u>(4,603,985)</u></u>

The notes on pages 11 to 19 form part of these financial statements.

FREP 3 (Abbey Road) Limited

Registered number: 11499145

Statement of Financial Position At 31 December 2019

	Note	2019 £
Fixed assets		
Investment property	7	11,260,000
Current assets		
Debtors	8	4,768,213
Cash at bank and in hand	9	21,719
		<u>4,789,932</u>
Creditors: amounts falling due within one year	10	<u>(15,983,299)</u>
Net current liabilities		<u>(11,193,367)</u>
Total assets less current liabilities		<u>66,633</u>
Creditors: amounts falling due after more than one year	11	<u>(4,670,617)</u>
Net liabilities		<u><u>(4,603,984)</u></u>
Capital and reserves		
Called up share capital	15	1
Profit and loss account	16	<u>(4,603,985)</u>
Shareholders' deficit		<u><u>(4,603,984)</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23 July 2020



P B Bray
Director

T K Allibone
Director

The notes on pages 11 to 19 form part of these financial statements.

FREP 3 (Abbey Road) Limited

Statement of Changes in Equity For the period from 3 August 2018 to 31 December 2019

	Called up share capital	Profit and loss account	Shareholders' deficit
	£	£	£
At 3 August 2018	-	-	-
Comprehensive loss for the period	-	(4,603,985)	(4,603,985)
Shares issued during the period	1	-	1
At 31 December 2019	<u>1</u>	<u>(4,603,985)</u>	<u>(4,603,984)</u>

The notes on pages 11 to 19 form part of these financial statements.

FREP 3 (Abbey Road) Limited

Statement of Cash Flows For the period from 3 August 2018 to 31 December 2019

	Period from 3 August 2018 to 31 December 2019 £
Net cash generated from operating activities (note 13)	2,315,960
Cash flows from investing activities	
Purchase of investment properties	(15,408,978)
Net cash used in investing activities	(15,408,978)
Cash flows from financing activities	
Issue of ordinary shares	1
Senior loan facility drawn	4,820,661
Shareholder loan issued	13,282,484
Intercompany loan issued	(4,525,333)
Interest and finance costs	(463,076)
Net cash generated from financing activities	13,114,737
Net increase in cash and cash equivalents	21,719
Cash and cash equivalents at beginning of period	-
Cash and cash equivalents at the end of period	21,719

The notes on pages 11 to 19 form part of these financial statements.

FREP 3 (Abbey Road) Limited

Notes to the Financial Statements For the Period Ended 31 December 2019

1. General information

FREP 3 (Abbey Road) Limited (the "Company") is a private company limited by shares incorporated in England and Wales under the Companies Act 2006. The address of the registered office can be found on the Company Information page and the Company's principal activity is stated in the Directors' Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared for the first time in accordance with Financial Reporting Standards 102 ("FRS 102"), the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006. The financial statements have been prepared on the going concern basis under the historical cost convention, modified to include certain items at fair value.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. The directors consider that there are neither significant areas of judgement or key sources of material estimation uncertainty relevant to the Company that have not been set out in the notes to these financial statements.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The financial statements are also presented in pounds sterling.

As permitted under FRS 102, the Company has not disclosed related party transactions with fellow group members.

The significant accounting policies applied in the preparation of these financial statements are set out below:

2.2 Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and financial position including principal risks and uncertainties are set out in the Directors' Report on pages 1 and 2.

The current economic conditions create uncertainty for all companies within the property investment industry. The directors have carried out a going concern review in accordance with the Financial Reporting Council issued guidance for directors of companies on going concern and liquidity risk. The guidance is considered best practice for assessing going concern. The financial position of the Company, its liquidity position and borrowing facilities are set out within notes 10 and 11 of the financial statements.

The directors have reviewed the current and projected financial position of the Company, making reasonable assumptions about future trading performance. After making enquiries and taking account of the Company's unencumbered assets and undrawn borrowing facilities, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

2.3 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

FREP 3 (Abbey Road) Limited

Notes to the Financial Statements For the Period Ended 31 December 2019

2. Accounting policies (continued)

2.4 Taxation

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge 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 income.

2.5 Investment properties

Investment properties comprise freehold land, freehold buildings, and buildings held under long leases. Investment properties are initially recognised at cost which comprises its purchase price and any directly attributable expenditure. Independent external valuations are carried out at each reporting date to measure the properties at fair value. Any gain or loss is calculated by reference to the fair value at the last reporting date and is recognised in the Statement of Comprehensive Income.

The Company's policy is to value investment properties at the Statement of Financial Position date by a professionally qualified external valuer on the basis of fair value in accordance with the RICS Valuation Global Standards 2017 (incorporating the International Valuation Standards) and the UK national supplement 2018 (the "Red Book").

The valuer, in forming its opinion, makes a series of assumptions, which are typically market related, such as net initial yields and expected rental values and are based on the valuer's professional judgement. The valuer has sufficient current local and national knowledge of the particular property markets involved and has the skills and understanding to undertake the valuations competently. The valuations are the ultimate responsibility of the directors. Accordingly, the critical assumptions used in establishing the independent valuation are reviewed by the directors.

Subsequent expenditure is included in the investment properties' carrying amount only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the Statement of Comprehensive Income during the period in which they are incurred.

Acquisitions are accounted for at the date of legal completion.

2.6 Cash and cash equivalents

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

FREP 3 (Abbey Road) Limited

Notes to the Financial Statements For the Period Ended 31 December 2019

2. Accounting policies (continued)

2.7 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not apply hedge accounting for interest rate and foreign exchange derivatives.

FREP 3 (Abbey Road) Limited

Notes to the Financial Statements For the Period Ended 31 December 2019

3. Auditor's remuneration

**Period from
3 August 2018
to 31 December
2019
£**

Fees payable to the Company's auditor in respect of:

Audit of the Company's financial statements	4,000
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4. Employees

The Company has no employees and remuneration of £nil was paid.

5. Interest payable and similar expenses

**Period from
3 August 2018
to 31 December
2019
£**

Bank loan interest	242,156
Other finance charges	109,144
	351,300

6. Taxation

**Period from
3 August 2018
to 31 December
2019
£**

Corporation tax

Charge for the period	-
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FREP 3 (Abbey Road) Limited

Notes to the Financial Statements For the Period Ended 31 December 2019

6. Taxation (continued)

Factors affecting tax charge for the period

The tax assessed for the period is higher than the standard rate of corporation tax of 19%. The differences are explained below:

	Period from 3 August 2018 to 31 December 2019 £
Loss before tax	(4,603,985)
Loss multiplied by standard rate of corporation tax in the UK of 19%	(874,757)
Effects of:	
Non tax deductible expenditure	798,793
Losses carried forwards	75,964
Total tax charge for the period	-

Factors that may affect future tax charges

Tax losses carried forward may be offset against future trading profits of the Company.

7. Investment property

	Investment property £
Valuation	
Additions at cost	15,464,174
Deficit on revaluation	(4,204,174)
Fair value at 31 December 2019	11,260,000

The valuation was completed on a sequential basis reflecting the proposed conversion / redevelopment into a high-end dementia care facility.

FREP 3 (Abbey Road) Limited

Notes to the Financial Statements For the Period Ended 31 December 2019

8. Debtors

	2019 £
Amounts owed from group undertakings	4,525,333
Value added tax	128,588
Other debtors	1,303
Prepayments and accrued income	82,602
Derivative financial instrument	30,387
	<u>4,768,213</u>

Amounts owed from group undertakings are unsecured, non-interest bearing and repayable on demand.

9. Cash and cash equivalents

	2019 £
Cash at bank and in hand	<u>21,719</u>

10. Creditors: Amounts falling due within one year

	2019 £
Trade creditors	208,700
Amounts owed to group undertakings	2,352,542
Accruals and deferred income	139,573
Shareholder loan	13,282,484
	<u>15,983,299</u>

Amounts owed to group undertakings are unsecured, non-interest bearing and repayable on demand.

The shareholder loan due to FREP 3 (AC) LP is unsecured, non-interest bearing and repayable on demand.

FREP 3 (Abbey Road) Limited

Notes to the Financial Statements For the Period Ended 31 December 2019

11. Creditors: Amounts falling due after more than one year

	2019 £
Bank loan	<u>4,670,617</u>

The bank loan comprises the Company's allocation of a £41m senior loan and development facility provided by Metro bank plc on 6 December 2018 to certain subsidiaries of FREP 3 (AC) Limited Partnership (note 18).

The facility is secured against the Company's leasehold property interest and the investment property interests of certain other subsidiaries of FREP 3 (AC) Limited Partnership.

At the reporting date, £17m of the £41m loan facility had been drawn of which £4.7m had been allocated to the Company.

The variable interest rate is a base rate plus margin. Interest rates have not been disclosed for reasons of commercial sensitivity.

The Company has hedged its variable interest rate risk by entering into an interest rate cap arrangement for a notional sum of £13.2m which terminates on 31 December 2022.

FREP 3 (Abbey Road) Limited

Notes to the Financial Statements For the Period Ended 31 December 2019

12. Financial instruments

	2019 £
Financial assets	
Financial assets measured at amortised cost	4,526,636
Cash	21,719
Derivative financial instruments measured at fair value through profit or loss	30,387
	<u>4,578,742</u>
Financial liabilities	
Financial liabilities measured at amortised cost	<u>(20,653,916)</u>

Financial assets measured at amortised cost comprise debtors and amounts owed by group undertakings.

Derivative financial instruments at fair value comprise the Company's allocation of the fair value of an interest rate cap agreement (note 11). The cap settles on a quarterly basis.

Interest rate caps are valued at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from the quoted interest rates.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to groups undertakings, accruals and loans.

13. Note to the cash flow statement

	2019 £
Loss for the financial period	(4,603,985)
Increase in debtors	(278,951)
Increase in creditors	2,643,422
Fair value movement of investment property	4,204,174
Interest paid	351,300
Net cash flow from operating activities	<u>2,315,960</u>

FREP 3 (Abbey Road) Limited

Notes to the Financial Statements For the Period Ended 31 December 2019

14. Analysis of net debt

	At 3 August 2018 £	Cash flows £	At 31 December 2019 £
Cash at bank and in hand	-	21,719	21,719
Debt due within 1 year	-	(13,282,484)	(13,282,484)
Debt due after 1 year	-	(4,670,617)	(4,670,617)
Intercompany financing	-	4,525,333	4,525,333
Derivative financial instruments	-	30,387	30,387
	-	(13,375,662)	(13,375,662)

15. Called up share capital

	31 December 2019 £	2 August 2018 £
Allotted, issued and fully paid		
1 Ordinary share of £1	1	-

The Company has one class of ordinary share which carries no right to fixed income.

16. Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments. The profit and loss account includes non-distributable investment property fair valuation losses of £4,204,174.

17. Events after the reporting period

The emergence of the COVID-19 coronavirus in 2020 has had a significant impact on economies and resulted in severe restrictions of movement of people across the United Kingdom. It is likely that this could result in a reduction in the future value of the Company's investments and this impact may be material. However, as of the date of approving the financial statements, the directors are unable to reliably measure the potential impact.

18. Controlling party

The Company's immediate parent is FREP (AC) Limited Partnership and the ultimate controlling party is Frogmore Real Estate Partners III Limited Partnership ("FREP III LP"), an English Limited Partnership registered in England and Wales.

No individual partner has a controlling financial interest in FREP III LP.